

Decision No. 31987.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and
Investigation on the Commission's
own motion of Rate Schedules filed
March 21, 1939, by the California
Water Service Company for service
in Redding.

Case No. 4408.

Daniel S. Carlton, Acting City Attorney,
for the City of Redding.

McCutchen, Olney, Mannon and Greene, by
J. M. Mannon, Jr., and Henry D. Costigan,
for California Water Service Company.

RILEY, COMMISSIONER:

O P I N I O N

California Water Service Company, a public utility corporation engaged in the business of selling and distributing water for domestic and other purposes in various cities including the City of Redding, Shasta County, on March 21, 1939, filed with the Railroad Commission two schedules of reduced rates for water service rendered in the City of Redding entitled "Monthly Flat Rates" and "Optional Monthly Meter Rates," respectively.

On April 13, 1939, the Commission ordered the operation of such rate schedules suspended and the use thereof deferred until June 21, 1939, unless otherwise subsequently ordered, and instituted an investigation into the propriety and lawfulness of said rate schedules.

A public hearing in the matter was held in Redding.

The schedules of rates submitted for filing are considerably lower than those heretofore applicable for service rendered

by California Water Service Company⁽¹⁾ in Redding and the proposed reductions are occasioned by the fact that the City of Redding has constructed municipal water works and is serving water to residents of the city in competition with the Company, with the consequence that the comparative cost of water will largely influence the consumers in determining from whom they will purchase their water.

At the hearing Daniel S. Carlton, Acting City Attorney representing the City of Redding, stated that the City of Redding does not protest the reduction in rates proposed by the Company for water service rendered by it in the City of Redding.

The evidence shows that under the resulting competitive conditions it is expected that the reduced rates will yield an estimated gross annual revenue of \$19,687. According to the testimony presented by the Company, that amount of gross revenue will be more than sufficient to meet the out-of-pocket expenses of operating the utility's Redding water works under the changed conditions. Furthermore, it was stipulated that in the event the Company's gross revenues under the anticipated competitive conditions do not meet out-of-pocket costs of operation, such loss as may thus be incurred will not be a charge upon or place any burden upon other consumers of the Company outside the City of Redding.

Under such circumstances it appears and the Commission finds that the proposed schedules of reduced rates for water service rendered by the Company in the City of Redding are justified.

O R D E R

Investigation as entitled above having been instituted on the Commission's own motion, a public hearing having been held

(1) Hereinafter referred to as the Company.

thereon, the matter having been duly submitted, and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the investigation instituted by the Railroad Commission into the propriety and lawfulness of the two rate schedules entitled "Monthly Flat Rates" and "Optional Monthly Meter Rates" submitted for filing by California Water Service Company on March 21, 1939, be and it is now terminated, and that the former Order of this Commission dated April 13, 1939, suspending the operation of said rate schedules until June 21, 1939, be and it is hereby set aside and vacated.

IT IS HEREBY FURTHER ORDERED that the rates contained in the two said schedules filed by California Water Service Company on March 21, 1939, be and they are authorized as the effective rates applicable for all water service rendered by its Redding system, the flat rates to become effective for service rendered to all flat rate consumers subsequent to April 30, 1939, and the meter rates to become effective for service rendered to all consumers billed on the basis of meter readings taken during May, 1939, and thereafter.

The effective date of this Order shall be the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 9th
day of May, 1939.

Ray B. ...
Frank ...
Ray ...
H. ...
Justus J. ...
COMMISSIONERS.