

Decision No. 22621

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of  
PEDRO VALLEY WATER COMPANY, a public  
utility, unincorporated, for an Increase  
in Rates, in accordance with Rules 16,  
30 and 56 of the Rules of Procedure of  
the Railroad Commission of the State of  
California.

Application No. 22621

James J. Roddy, Jr., for Applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding James J. Roddy, operating a public utility water system under the fictitious firm name and style of Pedro Valley Water Company in San Pedro Terrace by the Sea, San Mateo County, asks the Railroad Commission for authority to revise his schedule of rates and for the elimination of the reduced monthly charge of \$1.50 filed for temporary or summer home consumers.

A public hearing in this matter was held before Examiner M. R. MacKall in Pedro Valley.

This water works was installed to serve a land development project located along the San Mateo County ocean shore approximately fourteen miles south of San Francisco and now popularly called Pedro Valley. The water supply is obtained from a drilled well and delivered to the consumers through a system of pumps and storage tanks placed at various elevations necessitated by the precipitous nature of the terrain. At the present time there are approximately fifty

active service connections, twenty-eight of which are week-end or summerhome consumers and the remainder are permanent residents.

Authority to operate this utility was issued to James J. Roddy by the Railroad Commission in Application No. 18599 by Decision No. 25941, dated May 15, 1933, at which time the following schedule of rates was established:

METER RATES

Monthly Minimum Charges:

5/8-inch meter.....	\$1.50
3/4-inch meter.....	1.75
1-inch meter.....	3.00
2-inch meter.....	5.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rate."

Monthly Quantity Rate:

Per 100 cubic feet.....	\$ 0.30
-------------------------	---------

FLAT RATES

Monthly Flat Rates:

Applicable to permanent consumers.....	\$ 2.00
Applicable to week-end or summerhome consumers.....	1.50

SUMMERHOME RATES FOR THE  
CALENDAR YEAR

Meter Rate:

Annual charge payable in advance entitling the consumer to 500 cubic feet of water each month from May 1 to November 1 and 50 cubic feet of water each month from November 1 to May 1.....\$ 12.00

Water used in excess of the above monthly minimum quantities, per 100 cubic feet..... \$0.30

James J. Roddy testified to the effect that, in addition to the considerable amount of money he has been forced to invest continuously each year for improvements in the water plant, the costs of operation and maintenance of the system still exceed the revenues yielded under rates now in effect. Roddy contended that his revenues have been very materially reduced by reason of certain practices

developed among the consumers, chiefly such as (1) many temporary or vacation users requesting discontinuance of their water service after only a few weeks' use and refusal to take service under the annual rate and (2) the custom of certain residents allowing those who have discontinued or have avoided applying for service to obtain water through surface hose and other removable connections. Some of these practices could have been corrected by a more rigid enforcement on the part of the utility operators of the existing rules and regulations under which it operates. The Company is entitled to a better appreciation and a more reasonable cooperation by the vacation class of consumers. The authorized rules and regulations should be complied with fully and willingly by both summer and permanent users as well. The Company should make a determined effort to obtain compliance with its rules and regulations.

At the hearing a report was presented by R. E. Savage, one of the Commission's hydraulic engineers, showing an appraisal of the properties totalling \$6,771 on the basis of the estimated original cost as of April 1, 1939, with a corresponding depreciation annuity of \$94 calculated by the 5% sinking fund method. The report also contains an estimate of the reasonable maintenance and operation expenses for the immediate future amounting to \$650 per year. The average of the total annual revenues derived from the sale of water as shown in the utility's reports to the Commission for the years 1937 and 1938 is \$1,056, representing a net return of 4.6% on the investment.

Applicant is not requesting an increase in rates but a revision of his classifications to prevent unfair practices now indulged in by temporary and vacation consumers which has resulted in unfair discrimination against the regular patrons. The adjustment of the flat rates necessarily involves a corresponding revision in the measured rate structure. No one opposed the Company's requests; on the contrary all consumers present at the hearing asked for favorable action by the Railroad Commission upon the petition. The schedule of rates set forth in the following Order is designed to provide a basis of equable charges to the consumers, eliminating as far as possible the preferential rates now enjoyed by certain classes of users largely at the expense of those customers who sincerely attempt to abide by the rules of water distribution.

#### O R D E R

Application as entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission being now fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by James J. Roddy, operating under the fictitious firm name and style of Pedro Valley Water Company, for water supplied to his consumers are unjust, unreasonable and discriminatory insofar as they differ from the rates herein established and that the rates herein established are just and reasonable rates for the service rendered and, basing this Order upon the foregoing finding of fact and upon the statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that James J. Roddy, operating under the fictitious firm name and style of Pedro Valley Water Company, be and he is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, the

following schedule of rates to be charged for all water delivered to his consumers on and after the 1st day of July, 1939:

RATE SCHEDULES

METER RATES

For Permanent Residents

Applicable only to bona fide permanent residents who occupy the premises served continuously for twelve consecutive months:

Monthly Minimum Charges:

For 5/8 x 3/4-inch meter.....	\$2.00
3/4-inch meter.....	3.00
1-inch meter.....	5.00
2-inch meter.....	8.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates":

Monthly Quantity Rates:

First 400 cubic feet or less.....	\$2.00
Next 3,600 cubic feet, per 100 cubic feet.....	.30
Over 4,000 cubic feet, per 100 cubic feet.....	.25

For Temporary Residents

Applicable to occupants of summer homes or week-end cabins and others who are not bona fide permanent residents and who occupy their premises intermittently or for periods less than twelve consecutive months during any calendar year.

Annual Minimum Charge:

Due and payable in advance, at time of making application for service.....\$16.00

The foregoing "Annual Minimum Charge" will entitle the consumer to 400 cubic feet of water each calendar month for any period of eight consecutive months.

Water used in excess of 400 cubic feet per month shall be charged under the regular monthly quantity rate for such amounts.

Monthly Quantity Rate:

Water used during the period outside the regular eight months' consecutive use shall be billed under the permanent monthly schedule.

FLAT RATES

For Permanent Residents

Applicable only to bona fide permanent residents who occupy the premises served continuously for twelve consecutive months.

Monthly Flat Rate:

Due and payable monthly in advance by all permanent consumers..... \$2.00

For Temporary Residents

Applicable to occupants of summer homes or week-end cabins and others who are not bona fide permanent residents. Until the consumer proves himself a permanent resident by continuously occupying the same premises for twelve consecutive months, the utility may classify him as a temporary resident.

Annual Minimum Charge:

Due and payable in advance, at time of making application for service..... \$16.00

The foregoing "Annual Minimum Charge" will entitle the consumer to service of water for a maximum period of eight consecutive months during any calendar year, such period to commence at the time of making application for service.

Additional Monthly Charge:

Due and payable in advance for each month that consumer desires water service beyond eight consecutive months during any calendar year... \$2.00

IT IS HEREBY FURTHER ORDERED that within thirty (30) days from and after the date of this Order, said James J. Roddy, operating under the fictitious firm name and style of Pedro Valley Water Company, be and he is hereby directed to submit to the Railroad Commission for its approval revised rules and regulations governing relations with his consumers.

For all other purposes the effective date of this Order

shall be twenty (20) days from and after 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 6<sup>th</sup> day of June, 1939.

Raymond J. Quinn

Ray H. Rice

J. B. [unclear]

Justus J. Coe

COMMISSIONERS.