

Decision No. 32686**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
the TRINIDAD WATER & SUPPLY COMPANY  
for order authorizing increase in  
rates.

Application No. 22822

Arthur W. Hill, Jr., for Applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding, the Trinidad Water & Supply Company, a corporation, (1) furnishing water for domestic and other purposes in the town of Trinidad, Humboldt County, asks for an increase in the flat rates and for the establishment of rates for metered service.

A public hearing in this matter was held at Trinidad.

This public utility was organized as a corporation in 1908 and serves the incorporated town of Trinidad. The water supply is obtained from Mill Creek and conveyed through 4,780 feet of two- and three-inch pipe to the storage facilities comprising a 7,000-gallon tank and a 7,300-gallon tank. The distribution system consists of approximately 7,500 feet of pipe, ranging from three-quarters of an inch to two inches in diameter, constructed almost entirely in 1908. There are now thirty-four consumers all supplied under gravity flow.

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(1) Hereinafter referred to as the Company.

The flat rates now being charged and those proposed, are shown, in part, as follows:

	<u>Present Actual Charges</u>	<u>Proposed Flat Rates</u>
Domestic consumers	\$1.00 per month	\$1.50 per month
Garage	3.00 " "	3.00 " "
General Store	2.50 " "	3.00 " "

The meter rates asked to be authorized are as follows:

Minimum Monthly Charge:	\$1.50
Monthly Quantity Rates:	
First 10,000 gallons, per 1,000 gallons	\$0.4785
Over 10,000 " " 1,000 "	.2948

The record shows that in general the design of the entire system has been inadequate in flow capacity to furnish sufficient and satisfactory service to all consumers and that the ability of the transmission and distribution pipe lines to transmit water has been further limited by the formation of tubercles and incrustations on the interior surface of the pipes as a result of the corrosive properties of the water. This condition has been corrected periodically by removing and cleaning sections of pipe. Mr. Ehriser, secretary of the Company, testified that at the present time 1,000 feet of 3-inch pipe require cleaning at an estimated cost of \$56 and that other repairs, to the extent of \$75, will be necessary in the near future. He also testified that 1,000 feet of 3-inch and 1,000 feet of 1½-inch pipe require immediate replacement at an approximate cost of \$760. The effect of the limited capacity of the transmission line has been partially overcome by the installation of the new storage tank. The Company desires the privilege of installing meters on those consumers' premises who, in the past,

have been careless in the use of water, resulting in an unnecessary and unreasonable waste thereof and in a reduction in pressure and in the amount of stored water.

No systematic accounting records have been kept by the Company and no accurate or detailed figures on either operating expenses or capital investment were available. A report was submitted by J. C. Luthin, one of the Commission's hydraulic engineers, in which the original cost of the water works was estimated at \$4,669 and the annual maintenance and operating expenses at \$390, including a depreciation annuity of \$53. The revenue for the year 1939 was \$454.

The current excessive cost of operation is the result, primarily, of deferred maintenance which, for the purpose of rate fixing, should be distributed equitably over a reasonable period of years sufficient also to provide for any extraordinary repairs. The replacements to be made necessary are certain pipe lines which have become completely depreciated. The fact that these maintenance costs and urgently required capital expenditures will be incurred over a very short period of time, does not warrant or justify an increase in rates. The maintenance costs, as indicated above, should be properly amortized over a period of years. Nevertheless, it is apparent that the present net revenue based on existing rates will not yield a fair rate of return on the invested capital. It is also clear that the present rate schedule needs adjustment to properly provide for the present classes of demand. The schedule of rates established herein is designed to produce a fair and just return on the investment in used and useful properties, including the necessary capital reconstruction program consisting, mainly, of the installation of larger pipe lines.

Expressions from several consumers indicated that they would prefer to have the present quality of service than to pay rates that might be established for an extensively improved system. However, it appears that low pressure pipe, larger than at present installed, can be used in making replacements in the transmission line without adding to the capital investment. A main of larger capacity from the tanks to the center of the distribution system would improve the pressure sufficiently to provide a generally satisfactory water service. The gravity water supply is more than ample to provide for all consumer demand and, for this reason, the installation of meters for the purpose of curtailing normal water consumption, as a substitute for installing larger pipe lines, not only is very poor water-works practice but is not to the best interests of the public. It is therefore recommended that if meters should be installed that this type of service be confined only to special classes of use which cannot fairly be served through flat rate operation without unfair discrimination.

The meter rates proposed by the Company are those charged by the municipal water department of the city of Eureka and are not based on any analysis or rate fixing data applicable to this proceeding. The meter rates which will be established in the following Order are considered to be comparable, on the basis of water use, to the flat rates and are designed to avoid possible unfairness in charges between the various classes of water users.

#### 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 submitted, and the Commission being now fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by the Trinidad Water & Supply Company, a corporation, for water delivered to its consumers in and in the vicinity of Trinidad, Humboldt County, are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates to be charged for the service rendered, and based upon the foregoing finding of fact and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Trinidad Water & Supply Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate 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 its consumers on and after the 1<sup>st</sup> day of December, 1940.

RATE SCHEDULES

Flat Rates

<u>Classification</u>	<u>Per Month</u>
1. Residence, including irrigation of 2,500 square feet of lawn, shrubs and garden .....	\$1.25
For each 100 square feet of lawn, shrubs and garden irrigation in addition to the above, payable each month of the year .....	.03
2. Carage or service station .....	2.50
3. Stores .....	2.50

Flat Rates Contd.

	<u>Per Month</u>
4. Cafes .....	\$3.00
5. Grammar School .....	2.00
6. Town Hall .....	2.00

A meter may be installed on any service at the option of either the utility or the consumer, in which case there will be applied the following:

Meter Rates

Minimum Monthly Charges:

5/8 x 3/4 inch meter .....	\$1.25
3/4 " " .....	1.75
1 " " .....	2.75
1-1/2 " " .....	4.00
2 " " .....	6.00

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

Monthly Quantity Rates:

First 500 cubic feet, or less .....	\$1.25
Next 400 " " per 100 cu-ft. ...	.20
Over 1000 " " " 100 " " ...	.15

IT IS HEREBY FURTHER ORDERED that Trinidad Water & Supply Company, a corporation, be and it is hereby directed, as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission for its approval four sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale, upon a sheet approximately 8 1/2 x 11 inches in size, showing the area served and the location thereof with reference to the surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.

2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 400 feet to the inch, upon which shall be delineated correctly by appropriate markings the various parcels in the territory served, and the location and size of all transmission and distribution pipe lines. This map should be reasonably accurate and show the source and date thereof.

For all other purposes, the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of November, 1940.

Ray & Riley

[Signature]  
Justus F. Casner  
Commissioners.