

Decision No. 37402

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of  
SOBRANTE WATER COMPANY, a corpora-  
tion, for an order authorizing  
an increase in rates for water  
delivered to consumers.

Application No. 26040

Walter W. Bradley and C. L. Fessenden, for Applicant.

BY THE COMMISSION:

O P I N I O N

Sobrante Water Company, a corporation, engaged in the business of distributing water for domestic purposes in a portion of El Sobrante Rancho Tract, Contra Costa County, asks for authority to increase its rates, alleging that the present charges do not produce operation expenses by reason of the increase in the cost of purchased water recently put into effect by East Bay Municipal Utility District.

A public hearing in this proceeding was held before Examiner Wm. Stave on the tract.

The major portion of this system was constructed in 1935 and serves a subdivided area of approximately 100 acres in El Sobrante Rancho, located approximately two miles south of Pinole in the Contra Costa County hills. The three wells, which formerly supplied the system with water, proved unsatisfactory and the company has been forced to purchase its entire supply from East Bay Municipal Utility District, the only other source available. The service area is mainly in hilly terrain. The water must be re-pumped against a head of approximately 300 feet to serve the major portion of the tract.

The system includes a booster pumping plant, two storage tanks of 5,000 gallon capacity each, and 8,440 feet of steel pipe varying from 3/4 inch to 2 inches in diameter. Approximately 48 customers are served, all except two

being metered. The utility is practically a consumer-owned association. The outstanding stock of the corporation consists of 232 shares distributed among 32 of the water users.

The rates charged for water sold by Sobrante Water Company are as follows:

<u>Flat Rate</u>	<u>Per Month</u>
Residence Service	\$1.50
<u>Monthly Metered Rates</u>	
First 300 cubic feet	1.50
Over 300 cubic feet, per 100 cubic feet	.35

The following schedule of rates is requested by applicant:

<u>Flat Rate</u>	<u>Per Month</u>
Residence Service	\$2.00
<u>Monthly Metered Rates</u>	
First 300 cubic feet	2.00
Over 300 cubic feet, per 100 cubic feet	.45

Mr. Walter W. Bradley, secretary of the company, testified that the actual investment in fixed capital amounted to \$3,578 as of August 1, 1944, representing the purchase price of the system in the amount of \$300, plus additions to capital since acquisition.

The revenues of the first seven months of 1944 totaled \$783 and the expenses for the same period, including an item of \$24 in taxes for the previous year, were \$905. This sum includes the cost of water purchased, a total of \$646, but is exclusive of depreciation and costs of management. Accounting and most administration matters are handled by Mr. Bradley who receives no compensation. Excluding the tax item, the out-of-pocket loss for the seven months' period is \$93.

The rates, at which water was purchased from East Bay Municipal Utility District during the first three years, were as follows:

	<u>Per Month</u>
Standby charge for 1" meter	\$1.65
First 3,300 cubic feet, per 100 cubic feet	.40
Next 30,000 cubic feet, per 100 cubic feet	.24

On December 30, 1943, the monthly standby charge for a one inch meter was increased by the District from \$1.65 to \$15.00 for all service furnished outside of its boundaries. As a result of this action, applicant's annual expenses were increased by the sum of \$160.20.

The company's records show that for the year 1943 the revenues totaled \$1,253 and \$1,330 respectively. The year's operations resulted in a loss of \$76 before the District increased its standby charge.

Mr. V. R. Muth, one of the Commission's hydraulic engineers, submitted a report containing an appraisal of the water system and an analysis of its operations. The estimated original cost of the property, as of May 29, 1944, was shown to be \$5,050 and the annual depreciation allowance based on the 5% sinking fund method was computed at \$84.80. The operating expenses for 1944 are estimated to be \$1,650 which includes an allowance for all items of operation except management and superintendence. On the basis of present rates in effect, the 1944 operating revenue was estimated to be \$1,470, which would result in a loss of \$180. For the same period based on the requested rates, the revenue is estimated to be \$1,825, which would produce a net revenue of \$175 and return 3.4% on the estimated original cost of the system, or 4.8% return on the actual investment made by applicant.

It is apparent from the record in this proceeding that the rates now in effect do not produce sufficient revenue to provide here operating costs, and that an increase in rates should be granted. The requested rates are estimated to produce operating expenses and some return on the properties used in serving a partially developed territory.

One single protest was made against the increase requested and that was submitted by letter unsupported by the writer as no consumers appeared at the hearing and consequently no other objections were made.

ORDER

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 now being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Sobrante Water Company, a corporation, for water delivered to its consumers in El Sobrante Rancho Tract, Contra Costa 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,

Basing its Order upon the foregoing findings of facts, and upon further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Sobrante Water Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate with the Railroad Commission, on five days' notice, the following schedule of rates to become effective thirty (30) days after the date of this Order, for all water service furnished in or in the vicinity of El Sobrante Rancho Tract, Contra Costa County:

Flat Rate Service

Per residence or single dwelling unit, per month \$2.00

Metered Service

First 300 cubic feet or less, per month \$2.00  
Over 300 cubic feet, per 100 cubic feet per month .45

IT IS HEREBY FURTHER ORDERED that the Sobrante Water Company, a corporation, be and it is 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 the consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area, 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 by appropriate markings the territory presently served. This map shall be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such map 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.

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

Dated San Francisco, California, this 17<sup>th</sup> day of October, 1944.

Richard R. Asher  
Justin F. Casner  
Francis R. Havens  
Franklin  
Leah L. Laniel  
Commissioners