

Decision No. 16 009.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

CITY OF MARICOPA, a municipal  
corporation, L. E. PITTMAN et al.,  
Complainants, )

vs. )

WEST SIDE WATER COMPANY, a corpor-  
ation,  
Defendant. )

Case No. 2156.

**ORIGINAL**

E. F. Brittan, for complainants,

Claflin & Lambert, by R. B. Lambert,  
for defendant.

BY THE COMMISSION:

O P I N I O N

This is a case brought by the City of Maricopa and L. E. Pittman et al. versus the West Side Water Company, a public utility water company, which furnishes water for domestic and commercial purposes in and in the vicinity of the town of Maricopa, Kern County.

Complainants allege in effect that the water furnished by defendant West Side Water Company is of very poor quality and unfit for drinking purposes; that the springs which furnish the water delivered to consumers are unsanitary and not properly protected against pollution; that the water supply is insufficient for the requirements of the community; that the rates charged for water service are unreasonably high and excessive; and that the Western Water Company, a corporation serving water as a public utility to consumers in the City of Taft, and in Fellows, Shale

and adjacent territory, has pipe lines in the immediate vicinity of Maricopa and is ready and willing and has the facilities to supply water to Maricopa at a cheaper rate than charged by defendant. The Commission therefore is requested to direct defendant to improve service conditions and reduce existing rates or permit the said Western Water Company to serve the community.

By way of answer defendant entered a general denial of the essential allegations in the complaint and alleged that the water supply is ample for the needs of the community served and that the quality is very good and has been approved by the State Board of Health.

A public hearing in this matter was held before Examiner Satterwhite at Maricopa after all interested parties had been duly notified and given an opportunity to be present and be heard.

J. I. Wagy owns and operates the defendant water system under the fictitious name and style of West Side Water Company. The entire water supply is obtained by purchase under contract with the Wagy Ranch Water Company, a corporation, also owned and operated by said J. I. Wagy. This latter company owns and controls the rights to the flow of four springs, located in Ventura County about 18 $\frac{1}{2}$  miles from Maricopa. The flow of these springs is approximately 550 barrels per day, or 1.79 miner's inches during the three driest months of the year, and 1000 barrels per day or 3.25 miner's inches during the remaining nine months, resulting in an average over the year of 2.89 miner's inches per day. Defendant West Side Water Company receives delivery of this water at its tanks in Maricopa from which all distribution is made by gravity.

The distribution system contains approximately 36,344 feet of mains varying from 1" to 4" in diameter. On September 30, 1925, there were 409 active service connections. The company has a separate fire main system not in any way connected with the

domestic plant, the source of supply being from the Klipstein springs, which produce a water not suitable for domestic consumption.

Defendant pays ten cents per barrel to the Waggy Ranch Water Company under a contract for all water received for domestic purposes and five cents per barrel for all surplus over domestic requirements, sold for commercial use.

In order that the Commission might have before it for consideration all matters involving the rates and methods of operation of the defendant company, it caused to be issued upon its own motion an investigation of the affairs of the Waggy Ranch Water Company. This matter was designated Case No. 2193 and heard jointly with the complaint herein by stipulation of all interested parties. However, by reason of the diversity of the matters involved the Commission considered it advisable to render separate decisions in these two cases.

The rates now charged by the West Side Water Company were established by the Railroad Commission in Decision No. 8973, dated May 14, 1921, and are as follows:

STAND PIPE

|                                |                    |             |
|--------------------------------|--------------------|-------------|
| From 1 to 25 barrels of water, | \$0.15             | per barrel. |
| " 25 " 50 " " "                | 0.12 $\frac{1}{2}$ | " "         |
| 50 barrels and above . . . . . | 0.10               | " "         |

METERS

|                                   |                      |             |
|-----------------------------------|----------------------|-------------|
| From 1 to 50 barrels of water,    | \$0.12 $\frac{1}{2}$ | per barrel. |
| " 50 " 100 " " "                  | 0.10                 | " "         |
| " 100 " 500 " " "                 | 0.09                 | " "         |
| " 500 " 2000 " " "                | 0.08                 | " "         |
| 2000 and above " " "              | 0.07                 | " "         |
| Minimum charge (16 bbls. or less) | 2.00                 |             |

BOTTLED WATER

Glass bottles and galv. iron cans,  
 5 gallons delivered. . . . . \$0.35  
 Deliveries by tank truck:  
 Wagon sales, 40¢, 50¢ and 60¢ per  
 barrel, depending on distance.

A report was presented by C. I. Rhodes, consulting en-

gineer for complainants, in which the original cost of the physical properties of the defendant West Side Water Company was estimated to be \$38,311, the depreciation annuity computed by the 6% sinking fund method to be \$1,096, and the future annual operating expenses estimated to be \$13,735, based upon the purchased water at the assumed rate of 3½ cents per barrel in lieu of the existing rates of 10 cents and 5 cents per barrel.

D. E. Harroun, one of the Commission's hydraulic engineers, presented a report in which the physical properties were appraised at \$38,345 based upon the former rate base as of December 5, 1920, determined by the Commission for this system, with additions and betterments to and including September 30, 1925. The depreciation annuity was found to be \$1,083. However, this annuity was based upon the original appraisal which was computed by the sinking fund method at 6% and upon the additions and betterments at 5%. A re-computation of the annuity at 5% amounted to \$1,179. In the analysis of the operating expenses the Commission's engineer estimated the normal annual maintenance and operating expenses to be \$7,850, exclusive of purchased water, which for the last period of twelve months available amounted to \$15,365 at the present contract rate, making a total charge of \$23,215. No appraisalment of the water properties or estimate of operating expenses was submitted by defendant.

From the foregoing figures it will be seen that approximately 66% of the operating expenses of this water system is directly attributable to the price paid for its water supply to the Waggy Ranch Water Company. As the result of the above mentioned investigation on the Commission's own motion into the reasonableness of this rate charged by the latter company, the former rate of 10 cents per barrel for the domestic water and 5 cents per barrel for all surplus was found excessive and ordered reduced to \$0.0425 for

all water delivered. (Decision No. 16008 of this Commission, rendered this day in Case No. 2193.) Substituting this reduced rate for purchased water the annual operating and maintenance charges as set out in the report of the Commission's engineer would total \$15,160, amounting to a reduction of a little more than one half of the sum heretofore paid for purchased water.

The annual charges based upon the figures given above will be as follows:

|   |                 |
|---|-----------------|
| Return at 8% on \$38,345 . . . . .          | \$3,068         |
| Depreciation annuity. . . . .               | 1,179           |
| Maintenance and operation expense . . . . . | 15,160          |
| Total. . . . .                              | <u>\$19,407</u> |

The revenues of this company have been as follows: 1922, \$23,121; 1923, \$18,863; 1924, \$20,973.

It is apparent that the existing rates of this company when considered in conjunction with the reduced cost of water are now producing somewhat more than a fair net return upon the investment and that the consumers are entitled to a reduction in rates. The order in this case will provide for a readjustment in the existing rate schedule which will produce a fair net return to the water company and at the same time lessen the burden upon the consumers.

Although complaint was made against the potability and general quality of the water distributed for domestic and commercial purposes, yet the evidence clearly shows that the water obtained from the Waggy Ranch is not only of very good quality and in no way injurious to health, but is perhaps one of the best water supplies in the entire district so far as quality is concerned. As a matter of fact water taken directly from the mains of this company for years has been bottled and sold in Taft and other places for drinking purposes.

Testimony indicated that at times in the past the springs

of the Waggy Ranch Water Company had not been adequately protected against pollution from grazing cattle but at the time of the hearing in this case the former redwood boxes housing the springs had been replaced with concrete structures in compliance with recommendations of the State Board of Health, and it is believed that practically all causes of complaint from this source have already been remedied. However, greater care should be exercised in the future to exclude stray cattle from the immediate proximity to these springs.

Water from the Klipstein springs is highly mineralized, unpalatable, subject to contamination, and has been condemned by the Board of Health as unsafe for human consumption. While the evidence shows that this water several years ago was mixed with the Waggy Ranch supply for delivery in Maricopa, yet this practice was discontinued about three years ago and the Klipstein water has only been used in the fire system, which is not connected in any way with the domestic distribution system.

The territory in and about Maricopa is very dry and arid; a good supply of potable water is necessarily very difficult to obtain. The series of very dry years which has visited this section of the state has seriously menaced the productivity of all underground water supplies in the district. For the protection of the domestic water service during the summer it is recommended that the defendant take steps to obtain a standby or auxiliary service connection from the Western Water Company's mains, which are not far distant from Maricopa. This additional source of water would amply protect the consumers in Maricopa during the period of low flow of the Waggy Ranch Springs and would at the same time insure to those consumers an adequate supply of water to which they are rightfully entitled.

Certain complaints involving low water pressures are being remedied by the replacing of small pipe with mains of greater

capacity. The working pressures throughout the entire system in the near future will be reasonably satisfactory as the result of these improvements.

O R D E R

Complaint having been made to this Commission as entitled above, a public hearing having been held thereon, and the matter having been submitted,

It Is Hereby Found as a Fact that the rates now charged by J. I. Waggy, operating under the fictitious name and style of West Side Water Company, for water supplied to his consumers 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 on the foregoing finding of fact and on the further statement of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that J. I. Waggy, operating under the fictitious name and style of West Side Water Company, be and he is hereby authorized to file with this Commission within ten (10) days from the date of this order the following rates to be charged for all service rendered on and after March 1, 1926:

STAND PIPE

|  |                        |
|--|------------------------|
| From 1 to 25 barrels of water per month. . . . | \$0.15 per bbl.        |
| " 25 " 50 " " " " " " . . . .                  | 0.12 $\frac{1}{2}$ " " |
| 50 barrels or water and over " " . . . .       | 0.10 " "               |

METER RATES

|  |                 |
|--|-----------------|
| From 1 to 100 barrels of water per month . . . | \$0.08 per bbl. |
| " 100 " 500 " " " " " " . . . .                | 0.07 " "        |
| Over 500 " " " " " " " " . . . .               | 0.06 " "        |
| Minimum charge (25 barrels or less). . . . .   | 2.00 per month. |
| Fire hydrants, per month, each . . . . .       | 4.50            |

BOTTLED WATER

Glass bottles and galv. iron cans, 5 gallons delivered. . . . . \$0.35  
 Deliveries by tank truck:  
 Wagon sales, 40¢, 50¢ and 60¢ per barrel, depending on distance.

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IT IS HEREBY FURTHER ORDERED that the West Side Water Company be and it is hereby directed to file with this Commission for its approval, within thirty (30) days from the date of this order, revised rules and regulations to govern its relations with its consumers.

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 15<sup>th</sup> day of February, 1926.

H. B. ...  
C. ...  
E. ...

Commissioners.