

Decision No. 17799.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
MOORPARK FARMERS WATER COMPANY)
for a revised schedule of rates,)
rules and regulations for delivery)
of irrigation water.)

Application No. 12754.

Gibson, Dunn & Crutcher, by Paul E. Watkins,
for applicant.

BY THE COMMISSION:

O P I N I O N

Moorpark Farmers Water Company, a corporation, applicant in the above entitled proceeding, is a public utility engaged in the business of selling water for domestic and principally irrigation use to consumers in and in the vicinity of Moorpark, in Ventura County. The application requests the Commission to establish a revised schedule of rates and rules and regulations governing the delivery of water to consumers.

A public hearing in this matter was held at Moorpark before Examiner Williams, after all interested parties had been duly notified and given an opportunity to appear and be heard.

This utility has been engaged in supplying water mainly for irrigation use for more than twelve years. The water supply is obtained by pumping from wells and is delivered to consumers through approximately 27,060 feet of riveted steel and concrete pipe lines ranging from 12 to 20 inches in diameter. The company has five wells located in a section known as Arroyo Simi, all drilled and cased; four are 18 inches in diameter and

the other is 14 inches. The depths vary from 69 to 397 feet. The total capacity of these wells is claimed to be approximately 203 miner's inches. At the present time there are 17 concrete weir boxes on the system, used for measuring the flow of water delivered to consumers. During the irrigation season of 1925 service was rendered to thirteen active consumers, representing a total of 449 acres. This season one of the consumers which received water for redistribution for domestic purposes, the Ventura County Water Works District No. 1, has permanently discontinued receiving water from applicant, having arranged to obtain its water supply from another source.

The schedule of rates now charged by this utility is two cents per miner's inch hour, based upon a miner's inch equivalent to one-fiftieth of a cubic foot of water per second.

Applicant requests the Commission to establish the following modified form of rate schedule for irrigation service:

For water delivered during the months of January to and including September, per miner's inch hour, \$.02	
October to and including December, per miner's inch hour.01½

In addition to this, a monthly minimum charge of one dollar per acre payable in advance is requested, this amount to be applied toward the purchase of water at the rates in effect for deliveries made during the quarter of the year in which the minimum payments are due and not applicable to service to be rendered during any other quarter.

A statement was submitted by applicant setting forth the book values of the fixed capital installed as \$53,542; the maintenance and operating expenses for 1925 were given as \$13,724, with revenues amounting to \$10,899 for the corresponding period.

An investigation of this system was made by F. E. Van Hoesen, one of the Commission's hydraulic engineers, who submitted

a report in which the original cost of the used and useful physical properties was estimated to be \$56,400 as of May 15, 1926, with a corresponding depreciation annuity of \$873, computed by the sinking fund method. The Commission's engineer made an analysis of the methods and cost of operation and submitted an estimate of \$10,080 as the reasonable annual operating and maintenance expenses for the immediate future.

The evidence shows that in the appraisal submitted by applicant certain items of property were omitted and provision for the reasonable overhead costs arising during construction was not fully made. These matters were included by the Commission's engineer, which accounts for the difference of slightly less than three thousand dollars in the values submitted.

Analysis of the operating expenses for the year 1925 submitted by applicant shows the inclusion of \$2,650 for interest on outstanding bonds and notes and \$1,142.73 covering legal expenses incurred in connection therewith. These charges are not properly allocated to costs of operation and should be deducted. Based upon the operations for a normal year the evidence indicates that the sum of \$10,000 is a reasonable allowance for operating and maintenance expenses.

The gross operating revenues realized by applicant from the year 1922 have been as follows:

1922.	\$5,932
1923.	11,081
1924.	5,761
1925.	10,900
Jan. 1 to June 1, 1925.	5,594
Jan. 1 to June 1, 1926.	331

From the above figures it will be seen that during the years 1922 to 1925 applicant has received revenues approximately equivalent to the bare costs of operation and maintenance; during the other two years of this period the revenues have been considerably less than the operating costs. Applicant does not request

an increase in the rates now in effect but asks the Commission to establish a monthly minimum or standby charge to stabilize the rates now charged.

From the testimony it appears that practically all consumers now served have private wells from which water is used as far as possible for irrigation, the applicant's system being called upon for service only when the private water supplies become inadequate and when the local rainfall drops below normal. The effect of this uncertain demand for water service from the utility is very clearly reflected in the fluctuation in the revenues received during the past few years as set out above, particularly so in the case of the first part of the present year 1926, in which the late rains so reduced the revenues that for the first five months but \$331 worth of water was sold as compared with \$5,594 for the corresponding period of the preceding year. Furthermore, the entire amount collected for the above five months of 1926 represented water sold to the Water District for the first three months of the year, which service has now been wholly discontinued, revealing a situation in which none of the present consumers purchased any water at all from the utility during this time.

It is evident that no business can continue to operate and provide proper service upon demand under such uncertain conditions. Admittedly it would be unreasonable to expect a utility to continue to render a standby and emergency service at a loss. The value of this service is measured by the fact that the grower is assured of sufficient water to properly mature his crop and perhaps save it from total failure in periods of drought. If this service is desired by the consumers some efforts should be made to support the utility and patronize it during periods of abundant rainfall as well as in periods of water shortage, otherwise the service cannot be maintained and the utility will sooner or later

entirely cease to function. Service can be continued if the consumers will agree to purchase each year from this utility sufficient water to enable it to operate, and this can be more fairly accomplished by the establishment of some form of standby payment similar to that proposed herein by applicant.

Request has been made by applicant that the Commission also order certain revised rules and regulations to be placed in effect governing the distribution of water to consumers. The usual procedure adopted by the Commission in rate cases is to provide in its order for the filing of such rules and regulations by the utility within thirty days after the date of the order. These rules will become effective only when accepted for filing by the Commission. The usual practice therefore will be followed in this instance.

O R D E R

Moorpark Farmers Water Company, a corporation, having made application to the Railroad Commission as entitled above, a public hearing having been held thereon, and the matter having been duly submitted,

It Is Hereby Found as a Fact that the rates now charged by the said Moorpark Farmers Water Company, a corporation, 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.

Basing its order 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 Moorpark Farmers Water Company, a corporation, be and it is hereby authorized and directed to file with this Commission, within twenty (20) days from the

date of this order, the following schedule of rates to be charged for service rendered to consumers in and in the vicinity of Moorpark, Ventura County, on and after January 1, 1927:

IRRIGATION RATES

Applicable to irrigation service from company system.

RATES

Quantity Charge:

- (a) For water delivered during months of January to September, inclusive, of each year per miner's inch hour . . \$0.02
- (b) For water delivered during the months of October, November and December of each year per miner's inch hour. \$0.01 $\frac{1}{2}$

MINIMUM ANNUAL CHARGE

Minimum charge per year per acre for land for which service is applied for, or on which water is used:

- 1. For the first year of service under this schedule \$12.00
- 2. For each consecutive year thereafter in which service is continued to the specific acreage applied for or any portion thereof. . . \$9.00
- 3. Where service to any specific acreage is discontinued for one or more years, upon resumption of service thereto the minimum charge for the first year's service shall apply.

PAYMENTS

- 1. Minimum annual charge, as above provided, shall be paid in instalments as follows:
 - \$3.00 per acre due and payable upon making application for service.
 - One third (1/3) of minimum annual charge due and payable July 1st.
 - Balance of minimum annual charge due and payable December 31st.
- 2. The minimum charge per year per acre will entitle the consumer to the amount of water which may be purchased under the quantity rates in effect during the time of use as set out above.
- 3. Additional water used over and above amount to which consumer is entitled under minimum annual charge per acre shall be due and payable for all water used from January 1st to June 30th inclusive, on the first day of July immediately

following, and for all water used from July 1st to December 31st inclusive, on the first day of January immediately following.

4. A new applicant who applies for irrigation service on or after the first day of July shall be entitled to service for the balance of the year without payment of the above minimum annual charge and shall be billed for the water used under the quantity rates set out above, provided the water supply is available and provided further that said applicant has not been a consumer using water for irrigation purposes from the company on any other lands owned, leased, rented or otherwise controlled by said applicant at any time during the year service is applied for, and has not been such a consumer at any time during the year immediately preceding the year such service is requested.
5. The Miner's Inch used herein shall be the equivalent of one-fiftieth (1/50) of a cubic foot per second.

IT IS HEREBY FURTHER ORDERED that Moorpark Farmers Water Company be and it is hereby directed to file with the Railroad Commission within thirty (30) days from the date of this order, rules and regulations to govern the distribution of water to its consumers, said rules and regulations to become effective upon acceptance for filing by this Commission.

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 23^d day of December, 1926.

H. B. Brundage

C. A. Seawing

Ernest D. ...

John C. ...
Commissioners.