

Decision No. 18157

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
WATSON WATER COMPANY, )  
a corporation, for certificate that )  
public convenience and necessity )  
require the exercise of the func- )  
tions of a public utility on the )  
part of the applicant for fixing of )  
rates and for distribution of stock.)

ORIGINAL

Application No. 15351.

Raymond Best, for applicant.

BY THE COMMISSION:

O P I N I O N

This is an application by Watson Water Company, a corporation, for a certificate of public convenience and necessity to supply water for irrigation and domestic purposes in and in the vicinity of Romola, Riverside County, for the establishment of a schedule of rates for such service, and also, for authority to issue \$100,000.00 of stock to its directors and incorporators or their assigns to pay in part moneys advanced by them and expended in constructing the plant which applicant intends to acquire.

A public hearing was held in the above entitled proceeding before Examiner Williams at Riverside after all interested parties had been duly notified and given an opportunity to appear and be heard.

From the testimony it appears that this water system was installed for the purpose of furnishing water for domestic purposes to consumers residing in the unincorporated town of Romola and also to supply water for irrigation purposes to a tract of land containing approximately 2,580 acres, and one other tract of 23 acres subdivided into one acre parcels. At the time of the hearing 1,350 acres of the above larger tract had already been planted to vines and figs. In accordance with the present operating program the remaining acreage is expected to be completely planted by the end of March, 1927. Applicant also states that it intends to supply surplus waters and will extend permanent service to users of surplus waters provided sufficient demand therefor should exist and the necessary additional water supply can be developed.

In the organization of this water system several privately owned and operated water plants were consolidated and a new and complete distribution system was installed. The present available water supply consists of ten wells, five of which are now in operation and equipped with electrically driven deep well centrifugal pumps and one booster pumping plant. The five wells now in operation are producing at present 450 miner's inches of water, one miner's inch being the equivalent of 1/50 of a cubic foot per second.

The domestic system consists of approximately 6-1/2 miles of standard screw pipe ranging in size from two to six inches in diameter. Delivery is made to consumers by gravity from a 10,000 gallon redwood storage tank. The irrigation system of distribution mains consists of approximately 19-1/2 miles of concrete, riveted steel and vitrified tile pipe, the sizes varying from eight to sixteen inches in diameter. There are now being added to the irrigation distribution system 3-1/2 miles of concrete

mains from ten to fourteen inches in diameter.

An appraisalment of the physical properties of this utility was made by D. E. Harroun, one of the Commission's hydraulic engineers, in which the estimated original cost amounted to \$197,568.00, which included certain main and pipe line installations in course of construction at the time of the hearing, the final completion of which may reasonably be expected on or about the 31st of March, 1927. The depreciation annuity upon the above property was estimated to be \$2,801.00, computed by the sinking fund method at five per cent.

In view of the fact that this system has not been placed in full operation, actual figures as to the costs of operation and maintenance were unavailable. Mr. Harroun estimated that the operating expenses for that part of the system in operation at the time of the investigation amounted to \$11,488.00. However, the evidence indicates that when the entire system is placed upon an operating basis, which will be during the coming irrigation season, the operating costs will be in the neighborhood of \$20,000.00. On an irrigation project as large as this the absence of data of actual operating costs and the lack of definite information on soil conditions and the duty of water required for the crops to be irrigated, makes it extremely difficult to determine at this time a rate which will be reasonable under the future conditions of delivery. The rate established in the order herein is based upon the evidence presented herein and the best information available as to the general costs of operating and the irrigation practice in the general vicinity. It should be understood therefore that the rate established herein is subject to such adjustment by further order of the Commission as may be necessary in case the actual application thereof should develop any unfairness either to the consumers or the applicant.

Applicant reports that it has an authorized stock issue of \$100,000.00 divided into 1,000 shares of the par value of \$100.00 each. It also reports in its petition filed on November 29, 1926, that \$109,446.40 had been expended to that date in constructing properties which it intends to acquire. Since then additional sums have been expended. It is of record that the \$109,446.40 reported in the petition as having been expended was contributed by Alexander Hursh, T. Leo Watson, Ralph Watson, Floyd Watson, Joseph G. Watson and J. F. Wilson. It is of record that J. F. Wilson has acquired the interest of all those who contributed to the enterprise, except the interest of Alexander Hursh who has a twenty percent interest. The \$100,000.00 of stock which applicant now asks permission to issue will be used to pay in part advances by those who contributed moneys to pay the cost of constructing the water system.

#### O R D E R

Watson Water Company, a corporation, having applied to the Railroad Commission for a certificate of public convenience and necessity for the operation of a public utility water system to supply water for domestic and irrigation purposes to consumers in and in the vicinity of the town of Romola, in Riverside County, for the establishment of a rate for such service, and for authority to issue \$100,000.00 of stock and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, that the purposes for which said stock may be issued are not in whole or in part reason-

ably chargeable to operating expenses or to income, the matter having been submitted, and the Commission being fully informed in the matter,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require and will require that Watson Water Company, a corporation, operate a water system for the purpose of supplying water for domestic, irrigation and other purposes to consumers residing in and in the vicinity of the town of Romola and in and in the vicinity of Romola Farms Nos. 1, 2, 3, 4 and 5 and Trumble Farms, as more particularly delineated upon the map filed in connection with this proceeding and designated as Applicant's Exhibit No. 4, which is hereby referred to and made a part of the order herein.

IT IS HEREBY ORDERED that Watson Water Company be, and it is hereby, directed to file with this Commission within thirty (30) days from the date of this order, the following schedule of rates to be charged for all water delivered on and after the first day of April, 1927:

DOMESTIC SERVICE

Minimum Monthly Charges:

5/8 by 3/4 inch meter . . . . .	\$1.25
3/4 inch meter . . . . .	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 the above minimum monthly charge will purchase at the following meter rates:

Monthly Meter Rates:

First 500 cubic feet or less . . . . .	\$1.25
500 to 2000 cubic feet, per 100 cu. ft. . . . .	.15
Over 2000 " " " " " " . . . . .	.12

Monthly Flat Rates:

Residences . . . . .	\$1.50
Commercial service . . . . .	1.50

IRRIGATION SERVICE

Per 100 cubic feet . . . . . 2.3 cents

IT IS HEREBY FURTHER ORDERED that Watson 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, rules and regulations governing service to its consumers, said rules and regulations to become effective upon their acceptance for filing by the Commission.

IT IS HEREBY FURTHER ORDERED that Watson Water Company be, and it is hereby, authorized to issue and sell at not less than par on or before August 1, 1927, \$100,000.00 par value of common capital stock and use the proceeds to pay in part the cost of acquiring or constructing the water system referred to in this proceeding or pay indebtedness incurred because of acquiring or constructing said water system, provided that applicant may deliver said stock in payment of said indebtedness if said stock is accepted by applicant's creditors at not less than par.

IT IS HEREBY FURTHER ORDERED that Watson Water Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that Watson Water Company be, and it is hereby, ordered to file quarterly with this Commission until relieved by further notice, a statement showing the gross revenues, operating expenses and depreciation charges for each such quarterly period.

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

*April* DATED at San Francisco, California, this 4<sup>th</sup> day of ~~March~~, 1927.

*Edward J. ...*  
*J. H. ...*  
*W. ...*  
*Thomas B. ...*

Commissioners.