

Decision No. 21190

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

W.C. Fairey, et al.,
Complainants,
vs.
Heck Brothers, Fellows,
Defendants.

Case No. 2460.

H.G. Baron and W. Irwin, for Complainants.
Brittan & Brittan, for Defendants.

BY THE COMMISSION:

OPINION ON REHEARING

This Commission, in its Decision No. 20428 dated November 7, 1928, established a revised schedule of rates reducing the charges heretofore in effect for water supplied by Heck Brothers to their consumers in the Town of Fellows, Kern County. A petition for a rehearing was thereafter filed by defendants and said petition having been granted by the Commission, a public hearing was held thereon before Examiner Satterwhite at Fellows, in Kern County, on April 2, 1929.

This company obtains its entire water supply by purchase in wholesale quantities from the Western Water Company of Taft and furnishes service for domestic and commercial purposes to approximately 200 consumers. All service connections are metered.

In the above mentioned decision of the Commission, the sum of \$12,500. was fixed as a reasonable rate base and \$5,093.

was allowed for the annual operating expenses which included a depreciation annuity of \$373. From the additional evidence presented during the rehearing herein, it appears that the annual operating and maintenance expenses should properly be increased to \$5,382. which includes \$447. for the annual depreciation allowance and that the rate base heretofore established is fair and proper for the purposes of this proceeding. The testimony, however, indicates that in computing the rate schedule established in the above decision sufficient and proper allowance was not made for the loss of water on this system. Analysis of the water-use based upon the new schedule of rates indicates that the net return which the company may expect thereunder will not be in excess of one per cent upon the capital invested. Under these circumstances, it is apparent that the rate schedule established in Decision No. 20428 will result in too great a reduction in revenues if continued in effect. Said schedule therefore should be re-adjusted so as to provide for a more reasonable return upon the capital investment. The evidence also shows that the number of consumers residing in the Town of Fellows fluctuates from year to year in direct relation to the activity in the surrounding oil fields. The system was designed to supply and has supplied in the past a far greater number of consumers than are now being furnished with water service as indicated by the following table:

:Year	: 1924	: 1925	: 1926	: 1927	: 1928
:Consumers:	243	260	250	222	197

The schedule of rates set out in the Order herein is designed to produce an increased revenue sufficient to provide for a fair return upon that part of the water system properly chargeable against the present consumers. It should be understood

that lack of proper repair and maintenance of both meters and distribution mains has unquestionably resulted in a large part of the system losses or the so-called "unaccounted-for water" which is borne out by the irregular nature of these losses as disclosed by careful analysis thereof. Immediate effort should be made by the utility to reduce the percentage of this "unaccounted-for water" to a reasonable figure, since the direct loss of such a large proportion of the total water supply purchased by this utility is wholly unnecessary under proper management and efficient operation and system maintenance, and for this reason cannot be recouped through the medium of charges against the consumers except to the extent of the normal and unavoidable distribution shrinkage.

O R D E R

Heck Brothers having filed a petition for rehearing in the above entitled matter and an order having been issued reopening the proceeding for further hearing and a public hearing having been held thereon, the matter having been submitted and now ready for decision,

IT IS HEREBY FOUND AS A FACT that for the reasons set out in the preceding Opinion the rates fixed in this Commission's Decision No. 20428, dated November 7, 1928, for water delivered by Heck Brothers to consumers in the Town of Fellows 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 such service, and

Basing this Order upon the foregoing finding of fact and on the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Heck Brothers be and they

are hereby authorized and 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 water delivered to their consumers on and after the s i x t h day of J u n e, 1929:

METER RATES

Monthly Minimum Charge:-----\$2.50

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

Monthly Quantity Rates:

First	300 cubic feet	-----	\$2.50
Next	700 cubic feet, per 100 cubic feet	----	.75
Over	1,000 cubic feet, per 100 cubic feet	----	.60

IT IS HEREBY FURTHER ORDERED that Heck Brothers be and they are hereby directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, revised rules and regulations governing the distribution of water to their consumers, said rules and regulations to become effective upon their 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 4th day of June, 1929.

David J. Lott

W. H. L. Lott

Leon Whitehall

M. A. Linn
Commissioners.