

ORIGINAL

Decision No. 21993

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
CALWA WATER WORKS, Will E. Keller,
owner, for an order authorizing the
metering of the entire system and
establishing meter rates.

Application No. 15561.

BY THE COMMISSION:

O P I N I O N

Will E. Keller, doing business under the name of Calwa Water Works and engaged in the business of supplying water for domestic and other purposes in and about the Town of Calwa, Fresno County, has petitioned the Railroad Commission for authority to meter the entire system and establish meter rates.

Public hearings on this application were conducted by Examiner Satterwhite at Fresno.

On October 1, 1911, Will E. Keller entered into a contract with the Santa Fe Railroad to furnish that railroad with water for construction of its terminal and round-house three miles south of the City of Fresno and to supply its demands for railroad use. A well, pumping plant and other facilities were installed by Mr. Keller on land owned by the Santa Fe Railroad and service commenced under the contract on October 28, 1911. The original contract has since been amended and service to the Santa Fe Railroad has been rendered continuously since October 28, 1911, under the provisions of the original and amended contracts.

Later, in 1911, a 40-acre tract lying north and east of the Santa Fe Railroad was subdivided and developed as residence

property and the owners of this tract arranged with Mr. Keller for the supply of water to the purchasers of lots within this tract. This arrangement was consummated in 1912 and, in order to designate the public utility service, the name of Calwa Water Works was adopted. Subsequently, other contiguous lands were subdivided and service extended to them until at the present time the service area covers about 160 acres and, in 1928, water was supplied to about 151 consumers other than the supply furnished under private contract to the Santa Fe Railroad.

The evidence shows that the service rendered by this system is dual in character. First, in quantity of use, is the major service rendered to the Santa Fe Railroad under the original contract of October 1, 1911, and the contracts supplemental thereto and for which service the plant was originally constructed. This service to the Santa Fe Railroad was entered into by private contract prior to the dedication of any part of the water supply to the public generally and is therefore private in character and not within the jurisdiction of the Railroad Commission. The second class of service rendered by the system is to the consumers located in and about the Town of Calwa, which service clearly is public utility in character and is therefore under the authority of this Commission.

The water supply for this system is derived from two deep wells located on the property of the Santa Fe Railroad. The water is lifted by deep well pumps and placed in a concrete pit from which delivery is made to the main outlet line on which is located an elevated steel tower and tank immediately adjacent to the pumping plant. Service to the Town of Calwa (public utility service) is taken from the pumping plant through 8 and

6-inch transmission lines and distributed through 6 and 4-inch lines, the total length of transmission and distribution lines being about 4.25 miles. Service to the Santa Fe Railroad under the private contract before mentioned is made directly from the pumping plant without passing through or using the distribution system serving the Town of Calwa.

The rates charged for the public utility service have been the same as the rates established by Ordinance No. 615 for the use of water within the City of Fresno during the year commencing July 1, 1910, and ending June 30, 1911. The rates, rules and regulations as established by this ordinance and adopted by the applicant were duly filed with the Commission. The schedule provides for both flat and meter rates and Section 2 and Section 3 of that ordinance provide:

"Sec. 2. Any person, company, association or incorporation shall have the power in all cases to ascertain by meter or otherwise the quantity of water used and fix the compensation at meter rates."

"Sec. 3. Any consumer dissatisfied with his monthly water rate can have the same adjusted by meter."

At the present time there are 163 consumers under public utility service on this system, of which 149 are on flat rate and 14 on meter rate basis.

From consideration of the schedule of rates under which this company has been operating since the commencement of public utility service in 1912, it is evident that the applicant has had at all times the requisite authority to place meters on all services and has, in fact, exercised such authority in the case of at least 14 water users. No further authorization therefore is required from this Commission to meter the balance of the ser-

vice connections.

An investigation and valuation of the property was made by D.H. Harroun, one of the Commission's hydraulic engineers. The applicant also presented a valuation of the property and records of maintenance and operating cost and other data. Analysis of the evidence presented and property records show that the valuation presented by applicant of the property devoted to the combined service, private and public utility, as of July 31, 1929, was \$33,084. The Commission's engineer found a value of the same property as of the same date of \$32,955. The Commission's engineer estimated the depreciation annuity, calculated by the five per cent sinking fund method, at \$698. No estimate of depreciation annuity was presented by applicant.

The evidence shows that for the year 1928 the total maintenance and operating expense was \$3,347.50 and the revenue received for public utility service to the consumers was \$2,771.18. The water output by the plant was as follows:

To Santa Fe Railroad (private contract)-----	84,896,000 gallons
To Calwa (public utility service)-----	<u>62,679,000 gallons</u>
Total Output-----	147,575,000 gallons

An apportionment of the value of the property, maintenance and operating cost and depreciation annuity properly chargeable to the two classes of service rendered, private and public utility, shows that the net return to the owner for the public utility service rendered in 1928 was \$584. or 2.5 per cent on the value of the property properly allowable to that public utility service.

The evidence shows that, with approximately ten per cent of the consumers on metered service, the use of water by the re-

maintaining ninety per cent of the consumers on flat rate service has been excessive. The placement of meters upon the remaining ninety per cent flat rate consumers is expected to reduce this excessive use and result in a substantial reduction in pumping costs. On the other hand, the capital devoted to public utility service will be increased by the cost of metering the balance of the consumers and there will be an additional cost involved due to their upkeep and other allied factors.

The meter rates which applicant requests be authorized are less than those at present in effect and will result in a decreased return from those metered consumers now on the system. On the other hand, an analysis of the rate schedule shows that the present meter and flat rates charged are unbalanced and that the flat rates are lower than they should be in comparison with the proper use of water. The establishment of the proposed meter rates is expected to raise somewhat the gross revenue received from the ninety per cent of the consumers now on flat rate basis and estimated to provide a return of approximately six per cent upon the readjusted values and the readjusted maintenance and operation cost and depreciation annuity.

O R D E R

Will E. Keller, doing business under the fictitious name of Calwa Water Works, having made application for permission to meter the entire system and to change the rate now charged by him for water service furnished to metered public utility consumers in and about the Town of Calwa, Fresno County, public hearings 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 charged by Will E. Keller for water delivered to his metered 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 such service, and

Basing this order upon the foregoing findings of fact and upon the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Will E. Keller, doing business under the fictitious name of Calwa Water Works, be and he is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this order, the following schedule of rates to be charged metered public utility consumers in and about the Town of Calwa, Fresno County, for all water delivered after January 31, 1930.

METER RATES

Monthly Minimum Charges:

For 5/8-inch meter-----	\$1.00
For 3/4-inch meter-----	1.75
For 1-inch meter-----	2.75

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

Monthly Quantity Rates:

First 10,000 gallons, per 1,000 gallons-----	\$0.20
Second 10,000 gallons, per 1,000 gallons-----	.15
Third 10,000 gallons, per 1,000 gallons-----	.10
Fourth 10,000 gallons, per 1,000 gallons-----	.075
Over 40,000 gallons, per 1,000 gallons-----	.065

FLAT RATES

Existing schedule of flat rates to remain in effect without change.

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 7th day
of January, 1931.

Thomas L. ...

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Leon ...

M. P. ...
Commissioners