

Decision No. 22280**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Randsburg Water Company for an order restoring the rate schedule accepted for filing July 18th, 1923, superseding schedule filed April 26, 1923, and abolishing the rate schedule filed June 2, 1922.

Application No. 16239.

Ward Chapman, for Applicant.

BY THE COMMISSION:

O P I N I O N

Randsburg Water Company, engaged in the business of distributing and selling water for domestic and industrial purposes in the Rand Mining District, located in the Mojave Desert section in San Bernardino and Kern Counties, and serving the communities of Randsburg, Red Mountain, Atolia and Johannesburg, asks authority to restore the three-dollar (\$3.00) minimum charge established by the Commission in its Decision No. 12257 dated June 25, 1923 (23 C.R.C. 594). The application alleges that, owing to a cessation of mining operations, together with reduced domestic and commercial use, the present minimum charge does not produce sufficient revenue.

A public hearing in this proceeding was conducted by Examiner Williams at Randsburg.

Very few changes in the water system and area supplied have taken place since the last proceeding establishing rates

for this utility. Water is now obtained from but one well, known as Mountain Well. Additional storage has been provided and the system has been fully metered in compliance with the orders of this Commission. The improvements have provided a continuous and more dependable water service for the consumers. A detailed description of the system is set forth in Decision No. 12257 referred to above.

The meter rate established by the Commission provided for a monthly minimum charge of \$3.00 entitling the consumer to 300 gallons of water. Service is rendered to a large number of single men living in cabins and upon representations that their use of water was very small the company, on June 4, 1928, voluntarily submitted to the Commission a reduced monthly minimum charge of \$2.00 entitling the consumer to 200 gallons of water, which rate was accepted for filing and made effective for all service rendered on and after June 21, 1928.

The testimony shows that this reduction in the minimum monthly charge for metered service, rather than increasing or maintaining the revenues as before, has resulted in the consumers keeping their registered use of water to 200 gallons per month with a consequent loss in revenues to the utility. The testimony of the operator of the utility is to the effect that, while the recorded use of water as indicated by the meter readings has dropped since the reduced schedule of rates was put into effect, yet there has been no corresponding reduction in the total volume of water produced and distributed. This situation arises out of the general custom among the consumers of dripping water from the faucets in such small quantities as to prevent registration on the dials of the meters. This apparently is a practice frequently

indulged in by consumers living in the communities in the arid sections of this State where water is scarce and difficult to obtain and therefore very costly. The company's records indicate that for the year 1929 the total water produced amounted to 4,670,000 gallons and that during the same period the total sales amounted to 1,945,000 gallons. After making due allowance for reasonable system losses, it is apparent from these figures that a considerable amount of water is supplied by this utility without proper compensation therefor. The general curtailment of mining operations in and about the territory supplied by this utility has produced a further decrease in revenues.

The results of operation from the Book Accounts of the company for the years 1924 to 1929, inclusive, are as follows:

	1924	1925	1926	1927	1928	1929
Operating Revenues	\$25,912	\$29,592	\$26,550	\$21,786	\$17,305	\$13,195
Operating Expenses	20,775	23,828	23,202	18,332	19,411	16,354
Net Operating Revenue available for return	\$ 5,137	\$ 5,764	\$ 3,348	\$ 3,454	\$ 2,106*	\$ 3,158*
Number of Services Water delivered (1,000 gallons)	316	323	277	268	242	214
	6,517	6,887	5,224	3,651	2,725	1,945

* Denotes red ink figures.

An analysis of the maintenance and operation expenses for the year 1929 indicates that certain charges contained therein should be more properly allocated to capital account. A revision of these expenses shows that the revenues for 1929 produced a deficit of \$1,808. The figures submitted indicate further that the proposed increase in the monthly minimum charge from \$2.00 to \$3.00 should produce an increase of approximately \$1,100. per year

in gross revenue. Giving consideration to the proposed reduction of \$1,200. per year in operation expenses, the above changes should provide a net revenue of approximately \$500. per year available for return upon the investment estimated to be \$60,809. at the present time. Based upon the foregoing figures, it is clear that the experiment tried by this utility of reducing the monthly minimum charge for metered service has not been financially successful and has resulted in a serious loss of revenue. Although protests were made by many of the so-called single-men consumers to the effect that they did not believe the return to the three-dollar (\$3.00) rate was justified, it is clear that under the existing circumstances a special rate for such service could not be established without creating a preferential and unfair charge. The utility therefore should be allowed to place in effect the former monthly minimum charge of \$3.00 entitling the consumer to 300 gallons of water.

O R D E R

Randsburg Water Company, a corporation, having filed application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that Randsburg Water Company be and it is hereby authorized and directed to file with this Commission, within thirty (30) days from the date of this order, the following monthly minimum rate to be charged for all water service rendered on and after the date of this order:

5/8 x 3/4-inch meter-----\$3.00

IT IS HEREBY FURTHER ORDERED that the schedule of

rates of Randsburg Water Company now effective and on file with the Railroad Commission shall remain in full force and effect except as modified by this order.

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 2nd day of April, 1930.

C. L. Seamy

Thos. B. Lott

M. J. Am
Commissioners.