

Decision No. 23609

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of WEST SIDE NATURAL GAS COMPANY, a corporation, for an Order authorizing it to increase its rates for water service in the townsite of Avenal, County of Kings, State of California.

ORIGINAL

Application No. 17176.

W. F. Williamson, Wallace & Vaughan, by
Reginald L. Vaughan, for Applicant.

BY THE COMMISSION:

O P I N I O N

The West Side Natural Gas Company, a corporation, engaged in the business of supplying water and gas for domestic and other purposes in the townsite of Avenal, Kings County, has petitioned the Railroad Commission for an order authorizing it to increase its rates for water service.

The application alleges that the company has had difficulty in obtaining an adequate water supply for the community, but has now entered into an agreement with the Standard Oil Company of California, which provides for the delivery of a surplus supply of water to applicant. It is further alleged that the delivery of this water will increase applicant's operating expenses approximately \$1,000. per annum and the Commission is asked to authorize an increase in rates to cover this additional expense.

The following rates are requested:

Monthly Minimum Meter Charges:

5/8 inch meter.....	\$3.00
3/4 " "	3.50
1 " "	4.00
1 1/2 " "	6.00
2 " "	8.00
3 " "	16.00
4 " "	30.00

The testimony shows that the water now being furnished is highly mineralized and wholly unsuitable for drinking or cooking purposes, although not dangerous to health. The consumers all bring in their drinking and cooking water in portable containers from the industrial water system owned by the Standard Oil Company of California and it is from this source that applicant now desires to obtain its water supply, discontinuing the use of the present leased well except for emergency purposes. It is for this purpose that a contract has been entered into by and between applicant and the said Standard Oil Company, permitting the use of this water at a rate of one and one-tenth (1.1) cents per barrel of 42 gallons, delivered at the Standard Oil Company tanks. The transportation of this water to applicant's reservoir will require the laying of approximately 12,000 feet of 2 $\frac{1}{2}$ -inch pipe at an estimated cost of \$5,700., which installation applicant is ready and willing to make.

An investigation of the operating expenses and revenues and appraisement of the utility's properties was made by Charles Grunsky, Chief Engineer for applicant, and by D. E. Harroun, one of the Commission's Hydraulic Engineers. There were no substantial differences in the figures presented by the above engineers on plant values and operating costs. From the reports of the above engineers, it appears that the historical cost of the water properties as of December 31, 1930, is \$30,654. and that a proper depreciation annuity therefor is \$385., computed by the sinking fund method at 5 per cent. The total operating and maintenance expenses for the twelve-month period ending February 1, 1931, amounted to \$4,022., with revenues receivable during said period amounting to \$1,904. From the record it appears that the future operating expenses which will be incurred through the use of the new source of water supply will be approximately \$3,200. per

annum. The great reduction in the cost of repairs to the present pumping equipment and the elimination of a large proportion of present power bills will be offset by the increased costs necessary for purchased water which will be delivered, however, by gravity flow to applicant's reservoir.

The townsite of Avenal has but recently been opened up to settlement and, although rapidly increasing in population, yet is still in an early stage of development. No return upon the invested capital is expected or asked for by applicant at this time; however, as the arrangements have been made to secure a better source of water supply at the request of the consumers, the company in this petition asks that the increased operating costs which will be occasioned thereby be taken care of at this time through an increased rate for water service. All consumers present testified that the present source of water supply was practically worthless for their general household and domestic uses and that they were ready and willing to pay a reasonably increased charge for water from the proposed source.

The evidence presented in this proceeding leads to the conclusion that the new water supply should be acquired and made available to consumers by applicant at as early a date as possible and that the rate proposed is a fair and reasonable rate under existing circumstances and conditions and will, therefore, be authorized in the following order.

O R D E R

West Side Natural Gas Company, a corporation, having made application for authority to increase its rates for water service in the townsite of Avenal, Kings County, a public hearing 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

the West Side Natural Gas Company, a corporation, for water delivered to its 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 finding of fact and upon the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the West Side Natural Gas Company, a corporation, be and it 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 consumers in the townsite of Avenal, Kings County, for all water delivered on and after the first day of the month immediately following the cutting in of the new water supply and the discontinuance of the use of the existing well source for general service purposes.

METER RATES

Monthly Minimum Charges:

5/8 inch meter.....	\$3.00
3/4 " "	3.50
1 " "	4.00
1 1/2 " "	6.00
2 " "	8.00
3 " "	16.00
4 " "	30.00

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 500 cu. ft., per 100 cu. ft.....	\$0.60
Over 500 " " " " " "	0.50

FLAT RATE

For All Uses..... \$3.00 per month

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IT IS HEREBY FURTHER ORDERED that the rates herein established shall not become effective unless and until West Side Natural

Gas Company, a corporation, shall file with this Commission two(2) certified copies, duly executed, of the final agreement by and between said West Side Natural Gas Company and Standard Oil Company of California, a corporation, providing for the furnishing of water by said oil company as proposed in the foregoing opinion, said agreement, among other things, to set forth the rates to be charged by said Standard Oil Company of California for the delivery of said water to said West Side Natural Gas Company.

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 14th day of April, 1931.

C. L. Seaver

W. A. Caw

M. B. Harris

Commissioners.