

Decision No. 25076

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of F. T. Cook to establish rates for charges for fire hydrants and flush tanks, and for meter services not now established, for the purpose of requiring a cash deposit or a signed guaranty to secure the payment of services rendered and for other purposes.

Application No. 18052.

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P. N. Meyers, for applicant.
Lester Cochran, for Fire Commission.

BY THE COMMISSION:

O P I N I O N

In this proceeding F. T. Cook, who owns and operates a water works under the fictitious firm name and style of Westmorland Water Company and is engaged in the distribution and sale of water for domestic purposes in the Town of Westmorland, Imperial County, requests the Commission to establish rates for fire hydrants and sewer flush tanks, meter rates for domestic service, and to permit the requirement that consumers establish their credit before service is rendered. The Commission is asked to establish the following rates:

FIRE HYDRANT RATES

For each 4-inch hydrant with one 2½-inch standard fire hose connection-----\$2.50 per month.

For each 2-inch hydrant with one 2½-inch standard fire hose connection-----\$1.50 per month.

FLUSH TANK RATES

For each ½-inch service to flush tanks-----\$2.50 per month.
For each ¾-inch service to flush tanks-----\$5.00 per month.

METER RATES

A minimum monthly charge of two dollars (\$2.00) which entitles the consumer to 4,000 gallons of water, and fifty cents (50¢) per 1,000 gallons for all water used over 4,000 gallons.

The present rates are in part as follows:

Residence, minimum charge-----	\$2.00 per month.
Residence containing 4 rooms or more, without bath-----	2.25 per month.
Residence with bath or shower-----	2.75 per month.
Meat markets-----	3.00 per month.
Drugstores without soda fountain-----	3.00 per month.
Barber shops without bath-----	2.50 per month.
Auto service stations-----	2.50 per month.
Mercantile stores with 25-foot frontage or less----	2.50 per month.
Packing houses-----	4.00 per month.
Restaurants-----	5.00 per month.
Soda fountains or soft drink stands-----	2.00 per month.
etc.	

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The application requests that the fire hydrants and connections and also the flush tank connections be installed at the cost of the Fire District and of the Sanitary District, respectively. The above requests, however, were qualified to the extent that, in the event the Commission should so determine proper, it should establish such other rates and rules for the service rendered as are just and fair to the utility and its consumers.

A public hearing was held in this proceeding before Examiner Geary at Westmorland.

The water supply is obtained by purchase from the open canal system of the Imperial Irrigation District, having its source in the Colorado River and is conveyed through 1,172 feet of 12-inch concrete tile to three settling basins, each being 200 feet long, 130 feet wide and approximately 6 feet deep. The canal water is heavily charged with silt which is deposited in passing through the sedimentation basins, resulting in a fair degree of clarification. The clear water after treatment is elevated into a 50,000 gallon steel tank on an 80-foot tower, from which it is distributed by gravity to the consumers. The distribution system consists of 25,120 lineal feet of pipe that ranges in size from four inches to

three-quarters of an inch in diameter. There are 240 services connected to the mains and 220 consumers are now receiving service at flat rates and no change is asked for in this class of service.

Applicant testified that the Fire District has requested the installation of fire hydrants throughout the town and that the Sanitary District has installed flush tanks in connection with a new sewer system, and that each thereof has requested the establishment of a proper rate for their respective uses. As the existing schedule of flat rates does not provide therefor, the Commission is asked to fix the necessary rates for these new classes of demand. It developed that three-quarter-inch service pipes for sewer flushing would not be necessary as only one-half-inch connections will be used. These services supply automatic flush tanks each of which use only 150 gallons in twenty-four hours. Applicant is willing to reduce the requested charge of two dollars and fifty cents (\$2.50) per month to two dollars (\$2.00) per month for this service. For the quantity of water used, both of these proposed rates are higher than the value of the service rendered. A more fair and equitable rate will be established in the following Order.

In connection with the fire hydrant rate, applicant testified that hydrants would be connected to the existing mains and no mains of larger capacity would be installed unless demanded by the community or required to provide adequate domestic service. However, applicant will install a Diesel-driven pump as a standby unit which may be used for either fire-fighting purposes or domestic service when an emergency arises.

The utility has requested that the respective Districts pay the cost of installing the fire hydrants and connections to flush tanks. It is the general practice for a utility to own all of the facilities used to supply consumers, although in some instances the larger cities find it more advantageous to install

and maintain the fire hydrants. In this instance, it appears more practical for the utility to own and keep in proper repair and condition the fire hydrants and connections and the rate established for fire hydrants and flush tanks will be based on that condition.

Representatives of the Fire District desired information as to the procedure to be followed in obtaining larger mains throughout the town for the purpose of securing better fire protection for the community. The testimony shows that this water works was designed and installed primarily for domestic purposes and that the largest main is four inches in diameter. Some complaints were made as to the domestic service rendered which were the result of supplying too many services from a small main or to dead-ended pipe lines. Apparently the present service for domestic and commercial uses, except in the instances noted above, is adequate and mains of a larger capacity are not generally necessary for these classes of service. Any additional main capacity therefore would practically all be chargeable to fire-protection purposes. As fairness to all would require that a utility be properly compensated for the installation of additional main facilities for fire hydrant use under such circumstances, it is suggested that the District determine to what extent mains of larger diameter are required and enter into an agreement with the utility either to advance the first cost of the necessary replacements subject to refund upon an equitable basis or to pay such a rate per hydrant, either monthly or annually, as will insure a proper return to the utility. It should be borne in mind that mains of less than six inches in diameter are of little serviceable effect for proper fire protection and that the installation of mains of such size for this community means practically the complete reconstruction and replacement of the entire distribution system, a function which this

utility is in no financial position to undertake. It is in view of the lack of capacity of the mains now in place that the rates for fire hydrants proposed by applicant are unreasonably high and more than the value of the service which such mains can deliver. The rates established in the following Order are therefore substantially less than requested but such rates are, however, fair and just under existing operating conditions.

In connection with the meter rate, applicant stated that he did not intend to meter any substantial number of the domestic services but desired a measured rate in case it became necessary to meter certain services in order to prevent wasteful or careless use of water or to meter the services of large users where the use could not fairly be estimated for flat rate charges. There are at present two metered services on the system, one of which supplies the Southern Pacific Company and the other the California Highway Department. Water is being furnished at a mutually agreed rate of fifty cents (50¢) per 1,000 gallons.

In connection with the request for permission to require new consumers to establish their credit by depositing the estimated amount of two months' water bills, applicant testified that, although service is being provided at flat rates, collections are made at the end of the month instead of in advance, as is the customary practice. No particular or unusual difficulties are encountered in making collections from permanent consumers; however, during the fruit and melon season many temporary consumers take service for two or three months and leave without paying for water used. The losses from the above sources have averaged approximately three hundred dollars per year. As most of the losses come from a certain class of itinerant consumers, applicant can easily and should avoid future loss therefrom by requiring payment in advance on such flat rate services, and under metered use may also avoid this difficulty by

following the Commission's standard rule for the establishment of credit by consumers as promulgated in its Decision Nos. 2689 and 2879 which provides that applicants for new service who are not property owners may be required to deposit a sum that will not exceed twice the average periodic bill for the service rendered, or by requiring such applicants to furnish a guarantee or bond satisfactory to the company to insure payment thereof. Applicant herein will be required to file revised rules and regulations to govern relations with his consumers and the above mentioned rule shall be included therein.

A report was presented by Mr. Wm. Stava, one of the Commission's engineers, which showed the estimated historical cost of the operative properties to be \$30,778; depreciation annuity to be \$393; corrected maintenance and operating expenses for 1930 to be \$4,219, and operating revenues for the same period to be \$7,550. The results of operation for 1931 showed a net revenue of \$2,937, or a return of 9.5 per cent on the estimated historical cost. However, certain additions to the sedimentation basins and pump station equipment now under construction will require the expenditure of an additional five thousand dollars to complete, which will reduce the return to approximately 8.2 per cent, which should be increased slightly in the future in case any substantial amount of additional revenues are obtained through fire hydrant and sewer flushing services. It therefore appears that the existing schedule of flat rates is approximately 10 per cent higher in yield than necessary to produce a reasonable return to this utility over and above the proper costs of operation and maintenance, including depreciation. We are, therefore, of the opinion, that this utility should file a revised schedule of flat rates reducing by substantially 10 per cent the existing flat rate charges for all classes of service other than those classes for

which rates are fixed herein. Such revised schedule should be filed within thirty days from the date of the Order herein and subject to approval of the Commission; said revised schedule of flat rates to become effective for such classes of service rendered by this utility on and after the first day of September, 1932.

In the event such a revised schedule of flat rates is not filed by F. T. Cook as suggested, the Commission will thereupon institute an investigation upon its own motion into the rates, rules, regulations, practices, etc., of his utility.

The consumers present at the hearing objected to the quantity of water proposed by applicant under the minimum monthly payment, contending that it was not sufficient for the needs of the consumers and was less in quantity than that furnished by other utilities in the Valley which supply water under similar conditions. Investigation of this contention indicates that it is well founded and in the following metered schedule such additional quantity allowance will be made over and above the amount requested by applicant as the evidence indicates is warranted and reasonable.

Several consumers complained of having to pay the cost of the installation of service connections to their premises. The testimony shows that applicant, as a utility, installs the service pipes and fittings from the main to the curb line of the street and also frequently, as a plumber, installs the connecting pipes across the premises to the user's building. Applicant testified that he did not charge for any part of the service installation from the main to the curb line but did, however, charge for the installation from the curb line to the house where made by him. There appeared to be some uncertainty as to the extent of the charges to several consumers and it is suggested that these complaints be presented informally to the Commission through letters for investigation and, in the event any charges for the installation of all or any portion

of the service connection between the main and the curb line should be found to have been assessed against the water user, such cost properly should be refunded to those who have paid therefor, and the Commission will see that such refunds are duly made.

ORDER

Application having been made to the Railroad Commission by F.T. Cook 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 found as a fact that the meter rates charged for water service rendered by said F.T. Cook to consumers in the Town of Westmorland, Imperial County, 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 the service rendered, 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 F.T. Cook be and he is hereby authorized and directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates, said rates to be charged for all service rendered subsequent to the 31st day of August, 1932:

METER RATES

Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$2.00
3/4-inch meter-----	2.50
1-inch meter-----	3.00
1 1/2-inch meter-----	4.00
2-inch meter-----	6.00
3-inch meter-----	10.00
4-inch meter-----	15.00

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	6,000 gallons, per 1,000 gallons-----	\$0.33 1/3
Next	20,000 gallons, per 1,000 gallons-----	.25
Next	74,000 gallons, per 1,000 gallons-----	.20
Over	100,000 gallons, per 1,000 gallons-----	.15

Any consumer is entitled to metered service upon application therefor and the utility may meter any and all service connections.

Fire Hydrant Rates:

Each 4-inch hydrant with one 2½-inch standard outlet, per month-----	\$1.50
Each 2-inch hydrant with one 2½-inch standard outlet, per month-----	.75

Flush Tank Rates:

Each ½-inch service, per month-----	\$1.00
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IT IS HEREBY FURTHER ORDERED that said F.T. Cook be and he is hereby directed to file with this Commission, within thirty (30) days from the date of this Order, rules and regulations governing relations with his 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 13th day of August, 1932.

C. S. Lewis
Leon C. Williams
W. H. A. C.
J. B. K.
James G. Stewart
 Commissioners.