

Decision No. 10179.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PIRU OIL & LAND COMPANY,)
a corporation, for the fixing of wa-) Application No. 7144.
ter rates for the water system in)
the Town of Piru.)

Chapman and Chapman, by L. M. Chapman,
for applicant.

Hugh Waring, for consumers.

BY THE COMMISSION.

O P I N I O N

Piru Oil & Land Company, incorporated, the applicant in the above entitled matter, supplies water for domestic purposes to consumers in the Town of Piru, Ventura County, and also for irrigation use upon its own lands in the vicinity.

The application alleges in effect that the present rates charged consumers do not produce sufficient revenue to cover maintenance and operating expense, depreciation, and a reasonable return upon the investment. The Commission is therefore asked to establish reasonable rates for the service rendered.

A public hearing in this matter was held at Piru, before Examiner Williams. All interested parties were duly notified and were given an opportunity to be present and to be heard.

It appears that Piru Oil & Land Company was incorporated in

the year 1900 for the purpose of acquiring a large tract of land in Ventura County, to develop the land for agricultural uses, and to prospect for oil and gas. The former owner of the property had developed a water supply on Piru Creek, had transported the water to the Town of Piru through the so-called Esperanza Pipe Line, and distributed the same to consumers in the town for domestic purposes and also for irrigation uses on lands in the vicinity.

In the course of time the Esperanza Pipe Line became so dilapidated that applicant in 1915 constructed a well and pumping plant, from which its water supply has since been obtained.

The present system consists of a 75 horse power electric motor; a 5-inch, 3-stage, Byron Jackson, vertical centrifugal pump; a 16-inch well in a concrete lined pit, with a total depth of about 210 feet; a steel storage tank of 420,000 gallons capacity; 28,700 feet of distribution pipe mains, ranging in size from 10 inch to 3/4 inch in diameter; and 95 service connections, of which 35 are metered.

The present rate charged for domestic service is \$1.50 per month, all consumers being charged at flat rates. Applicant desires to complete the metering of its system and to charge for water used at meter rates after the same are established.

It appears that the irrigation service, being supplied to applicant's own property, is in the nature of a private supply. The domestic use, however, is unquestionably a public utility service and subject to the jurisdiction of this Commission.

Applicant claims a total capital investment in its water system of \$14,802, but investigation discloses the fact that not all items of property are included therein, and that the cost of many structures has been charged to operating expense.

Mr. John Spencer, one of the Commission's hydraulic engineers, submitted a report, based upon an investigation of the property, wherein the estimated original cost of the entire system was shown as \$18,612. Depreciation annuity, calculated by the sinking fund method, was given as \$190. Maintenance and operating expense for conducting applicant's public utility business was estimated at \$1,240.

Annual charges based upon the foregoing items are as follows:

8% return upon \$18,612.	\$1,489
Depreciation Annuity.	190
Maintenance and Operating Expense	1,240
Total.	<u>\$2,919</u>

Revenues at the present rates are estimated as approximately \$1,620 per year.

It was shown that the distribution system is largely over-built in some sections and that the plant in general is of larger capacity than is required for service to the public utility consumers. It is evident, therefore, that rates sufficiently high to produce the full amount of the annual charges set out above would be unreasonably high; would place too great a burden upon the public utility consumers; and would compel them to pay a portion of the cost of the irrigation supply for applicant's lands.

It appears that the interests of both the utility and the consumers would be best served by metering of the public utility service. It also appears that applicant keeps no segregated records of the quantities of water pumped for its irrigation or domestic service, thereby preventing any accurate determination of the actual cost of furnishing water to the public utility consumers, and making it extremely difficult to establish an equitable schedule of rates.

Inasmuch as applicant has signified its intention of com-

pleting the metering of its domestic consumers, the present flat rate schedule will not be changed but a schedule of meter rates will be established which is designed to produce sufficient revenue to cover maintenance and operating expense, depreciation annuity, and a fair return upon a reasonable investment in the property devoted to the public use.

O R D E R

Piru Oil & Land Company, incorporated, having made application as entitled above, a public hearing having been held thereon and the matter having been submitted,

It is Hereby Found as a Fact that the rates now charged by Piru Oil & Land Company, incorporated, for water delivered to consumers in the Town of Piru, Ventura 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 for such service.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that Piru Oil & Land Company, incorporated, be and the same is hereby authorized and directed to file with this Commission within twenty (20) days from the date of this order, the following schedule of rates to be charged consumers in Piru, Ventura County, effective for all water delivered subsequent to March 31, 1922:

METER RATES

Monthly Minimum Charges

5/8 inch meter	.....	\$1.50
3/4 " "	.....	2.00
1 " "	.....	2.50
1 1/2 " "	.....	3.00
2 " "	.....	4.00

Monthly Meter Rates

From 0 to 600 cubic feet, per 100 cubic feet	..\$0.25
" 600 to 1000 " " " " " "	.. 0.20
Over 1000 " " " " " "	.. 0.15

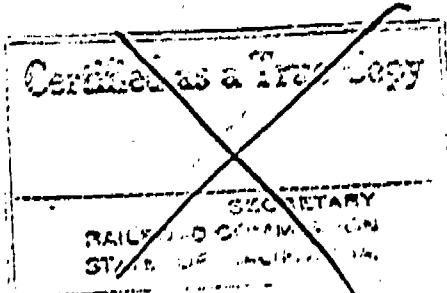
FLAT RATES

Monthly charge \$1.50

IT IS HEREBY FURTHER ORDERED that the collection of the rates herein established is expressly conditioned upon the installation, within a reasonable time, by Piru Oil & Land Company of such devices as are required for the measurement of water supplied for both domestic and irrigation use, and upon the keeping of accurate records of the quantities of water supplied for such purposes.

IT IS HEREBY FURTHER ORDERED that Piru Oil & Land Company, incorporated, be and the same is hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by this Commission.

Dated at San Francisco, California, this 11th day of March, 1922.



H. B. Brundage
H. D. Loveland
Dwight Martin
Charles H. Krumm
J. H. Brundage
Commissioners.