

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

EAST BAKERSFIELD IMPROVEMENT
ASSOCIATION,

(Complainant,

vs

BAKERSFIELD WATER COMPANY,
a corporation,

Defendant.)

Case No. 713.

E. L. Foster for Bakersfield Water Company.

E. J. Emmons for consumers.

LOVELAND, Commissioner:

OPINION ON PETITION FOR REHEARING.

This is an application for a rehearing of Case 713 heard by this Commission on March 2, 1915, and decided on March 31, 1915. Previous to that hearing the Engineering Department of the Commission made a valuation of the property of the Bakersfield Water Company, defendant herein, which was introduced at the hearing, and ample opportunity was given defendant to cross-examine the engineer of the Commission who presented the valuation and supported it by testimony. No serious criticism of or objection to such valuation was offered.

In its petition for a rehearing defendant alleges that property to the amount of several thousand dollars was omitted from the valuation made by the Engineering Department of the Commission, not through the fault of the Commission's engineer but because defendant had failed to include all of its property when listing it for the engineer of the Commission; and also that the valuation placed upon some of defendant's property by the Commission's engineer was too low, as would be shown by original cost data which

defendant alleged could be presented.

Some criticism was submitted by witnesses for the Bakersfield Water Company of the estimated cost found by the Commission's engineer of 4" cast iron pipe, such criticism was as to the cost of the pipe laid, and not as to the original cost of the pipe. Examination of the records of the Company disclosed the fact that the contract for laying the pipe was let to Mr. Thomas C. Williams, an official of the Water Company and a brother of the President of said Company, by reason of which fact it may fairly be assumed that the price for doing this work was not a competitive one. I shall not recommend that any change be made in the Commission's former valuation of the pipe.

In this matter the Commission pursued its usual course and granted defendant an opportunity to present argument and evidence as to whether a rehearing should be granted. The argument was heard in the City of Bakersfield, May 19, 1915, at 10 A.M.

Defendant was permitted to introduce testimony in support of its claim that the list of defendant's property furnished the Commission's engineers at the time the valuation was made was not complete and that it now had further and complete cost data, which it claimed would enable the Commission's engineers to correct the part of the valuation which defendant claims was too low, owing to the Commission's engineers not having had the cost data when the valuation was made.

Defendant did not ask that the rates and charges fixed by the Commission in this proceeding, as just and reasonable for defendant's water system, be changed or modified, but did ask that the items alleged to have been omitted from the valuation made by the Commission's Engineering Department, and corrections alleged to be necessary as to other items in order that the valuation fixed by the Commission might include all of the property

of defendant, be based, so far as possible, upon actual cost data, and be added to the valuation of defendant's system as found by the Commission in this proceeding.

As a result of the former hearing the Commission prepared certain Rules and Regulations for defendant's water system, which defendant was ordered to put into effect. In the second hearing defendant asked that to one of these rules, to-wit, Rule No. 17, be added a provision to comply with Ordinance No. 230 of the City of Bakersfield, by the terms of which sprinkling of lawns and gardens must be done at certain hours only, and then only through a hose with a nozzle no larger than one-quarter inch. By Exhibits "A" to "Q" inclusive, defendant, at the second hearing, submitted original cost data and statements which constitute a complete and corrected inventory or list of all of the property of the Bakersfield Water Company's system, which statements have been carefully checked by the engineer of the Commission with the result that he now reports that \$3,256 should be added to the value of the water system of the Bakersfield Water Company found by the Commission for items not included in the former valuation and largely not used and useful at present; and \$1,050 should also be added for correction of land values concerning which more information is now available. The Engineering Department of the Commission has prepared and filed, as a part of the record in this case, a report showing why these additions to plant value should be made. I have carefully examined and approve of this report.

Defendant further shows that since the valuation of this system was made by the engineer of the Commission, defendant has expended \$5,000 in extending its system so as to enable it to serve the Southern Pacific Company and that it is now furnishing that Company with ten to twelve million gallons of water monthly.

The record also shows that defendant contemplated making this extension but naturally ^{the Commission} could not include the cost thereof in the valuation nor consider it in fixing just and reasonable rates for the system as it was then. The Commission is now asked by defendant to fix the rate to be charged the Southern Pacific Company for the water furnished that Company by defendant, but I believe we should first give defendant and the Southern Pacific Company an opportunity to agree upon a just and reasonable rate with the understanding that, in the event of the parties in interest failing to agree, the Commission, upon request, will establish a just and reasonable rate.

I find as a fact that the sum of \$3,256 should be added to the valuation of the Bakersfield Water Company heretofore found by this Commission in this proceeding, because of omissions of property belonging to said Bakersfield Water Company from said former valuation, but not used and useful in serving present consumers.

I further find as a fact that the sum of \$1,050 should also be added to said valuation because of corrections in said valuation justified by more accurate and additional cost data.

I further find as a fact that the sum of \$5,000 should be added to said valuation, said \$5,000 being the amount expended by said Bakersfield Water Company in the construction of an extension to serve the Southern Pacific Company, which addition will make the total present value of the property of the Bakersfield Water Company, as now found by the Commission, \$91,207; and I further find as a fact that Rule No. 17 should be amended so as to conform to the ordinance of the City of Bakersfield.

The rates established by the Commission in the order heretofore made in this proceeding have not been questioned by defendant in its petition for rehearing. I am of the opinion that the

corrections in the valuation of defendant's water system do not justify any change in the rates heretofore established, and I hereby find as a fact that upon the entire record in this case the rates heretofore established in this proceeding to be charged by defendant are just and reasonable.

With the former decision of the Commission modified in accordance with this opinion, I recommend that defendant's petition for rehearing be denied, and submit herewith the following form of order:

ORDER ON PETITION FOR REHEARING.

Bakersfield Water Company having filed a petition for rehearing in this proceeding and a hearing having been had thereon, and the Commission being duly advised in the premises and basing its order herein on all the findings of fact contained in the foregoing opinion, and in the former opinion and order herein,

The Commission hereby finds as a fact that the present value of the water system of Bakersfield Water Company is \$91,207.

IT IS HEREBY ORDERED that Rule No. 17 of the rules and regulations established for defendant's water system be amended to read as follows:

"No water except when taken through meters shall be used for watering gardens, trees, lawns, flower beds, or plants, except between the hours of 5 A.M. and 11 A.M., and 1 P.M. and 5 P.M., and 6:30 P.M. and 10 P.M. and through hose nozzles not to exceed 1/4" in diameter, and no standing sprinklers shall be used without written consent of the company".

IT IS FURTHER ORDERED that not later than July 1, 1915, Bakersfield Water Company and Southern Pacific Company shall report to this Commission whether they have been able to agree upon a rate to be charged for water to be supplied by defendant to Southern Pacific Company. If said parties do agree upon a rate such rate shall become effective when approved by the

Commission by supplemental order. If said parties cannot agree upon a rate this Commission will proceed to establish a just and reasonable rate for that service.

IT IS FURTHER ORDERED that in all other respects the petition for rehearing herein be and the same is hereby denied.

The foregoing opinion and order on petition for rehearing are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 4th day of June, 1915.

Max J. Fisher
H. S. Loveland
W. L. Gordon
Commissioners.