

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )	
CLAREMONT DOMESTIC WATER COMPANY for )	
a fair and just charge to the seven )	Application No. 4090.
irrigators supplied under the C. T. )	
Naftel contract on file with the )	
Railroad Commission. )	

E. H. Sanford for Applicant.

A. P. Nichols and J. A. Anderson  
for water consumers.

BRUNDIGE, Commissioner.

O P I N I O N

This proceeding is brought by the Claremont Domestic Water Company, hereinafter referred to as "applicant", which asks for the establishment of a fair rate schedule to be charged by it for water delivered for irrigation to certain of its consumers, seven in number, who receive their supply under the so-called "C. T. Naftel contract". Applicant alleges that the present rate charged these consumers is non-compensatory, and prays that this Commission authorize it to charge a fair and just rate.

In addition to the seven consumers referred to above, service is rendered by it to a large number of domestic consumers within the city limits of Claremont, and to irrigation consumers in the territory adjacent thereto. The rates now in effect are those established by this Commission in its Decision No. 1677 in

Application No. 1142, being an application of Claremont Domestic Water Company for an order authorizing an advance in rates. (Vol.5, Opinions and Orders of the Railroad Commission of California, p. 116) In this decision rates for domestic and irrigation service were established.

It appears that in October, 1908, C. T. Naftel and the Citizens Light and Water Company, applicant's predecessor in interest, executed a contract. By the terms of this contract C. T. Naftel gave the Citizens Light and Water Company the right to develop water in the Northeast quarter of the Southeast Quarter of Section Thirty-three, Township One North, Range Eight West, S. B. M., in the County of Los Angeles, in such quantities as it desired. Naftel, however, retained the right to develop sufficient water for use on the tract.

The Citizens Light and Water Company desired this right in order to protect its water supply and to obtain additional sources. In return for this right the Citizens Light and Water Company agreed to sink a 14-inch well on the tract in question and to furnish water for irrigation to Naftel at cost. The contract more particularly defines "cost" as follows:

\*\*\*\*\*"agrees to furnish\*\*\*\*\* sufficient water to properly irrigate the said forty acres here-inbefore described, and supply the same with water for domestic use at whatever may be determined to be the actual cost of pumping the water from said well, taking into consideration the engineer's salary, depreciation, and all items of expense in connection with the operation of the plant. Said cost of water shall be determined and agreed upon by the parties hereto after the plant is installed and tested, and the agreement so reached, shall be embodied in a five-year contract, the same to be readjusted and agreed upon after each five years period."

At the hearing in this proceeding, representatives of applicant and of the consumers affected by this contract, agreed that the terms of the contract should apply and a rate be established in accord-

ance therewith. I am of the opinion that a rate established by this method will be fair to both applicant and its consumers.

It then remains to determine what items should be included and in what amount. Clearly the direct expenses of operating the plant, such as power, oil, repairs and labor, should be included. The principal objection advanced at the hearing was against the inclusion of the expense of maintaining applicant's downtown office, and taxes.

The operating force of applicant, including the superintendent, pump men, and down-town office employees, devote a part of their time to the operation of the plant which delivers water to the consumers affected herein, and a part to other consumers. It is impossible to accurately segregate the time devoted to each.

I have given careful consideration to all of the evidence submitted and it appears that only a portion of the down-town office expense is chargeable to the operation of this plant. The actual expense incurred in billing and in keeping necessary records of this plant and its consumers should properly be included.

I am of the opinion that in view of the terms of the contract and the evidence as to the intent of the parties submitted at the hearing, that taxes should be excluded.

A detailed analysis of the reports and evidence submitted has been made and it appears that the total amount which should be produced annually by these consumers is \$2,000, and I find as a fact that this sum is a fair and reasonable amount for this service.

During 1918 the plant was operated a total of 1860 hours for irrigation and 451 hours for domestic service. The average cost per hour's operation was therefore approximately \$1.07.

It was contended at the hearing that there should be a

greater charge per hour's operation of this plant for the first five hundred hours than the charge per hour for operation in excess of that amount, and it appears proper that in order to equitably allocate the expense among the consumers, some differentiation should be made.

In addition to the service rendered in delivering water for irrigation, applicant delivers water during the winter months for domestic use. The costs of delivery are included in the above reported sum and it appears impracticable to segregate the charges as between these two services. It is estimated that the rate schedule established in the following order will produce at least the estimated cost of service set out herein.

I submit herewith the following form of order:

#### O R D E R

Claremont Domestic Water Company having applied to this Commission for authority to increase its rates charged for the delivery of water to seven consumers under the so-called Naftel contract, and a public hearing having been held and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT, that the rates and charges of Claremont Domestic Water Company heretofore charged for delivery of water to consumers under the so-called Naftel contract, insofar as they differ from the rates and charges herein established, are unjust and unreasonable rates, and that the rates and charges herein established are just and reasonable.

And basing its order on the foregoing finding of fact and the further findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Claremont Domestic Water Company be and it is hereby authorized and directed to file with this Commission

within twenty (20) days from the date of this order, and thereafter charge of its consumers receiving water under the so-called Naftel contract, the following rates:

For each hour's operation to and including 100 hours' operation per consumer,..... \$1.20  
For each hour's operation over 100 hours,..... .90

The foregoing opinion and order 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 27<sup>th</sup> day of October, 1919.

Edwin O. Edwards  
H. D. Leonard  
Frank R. Martin  
H. H. Brundage  
Living Martin  
Commissioners.