

Decision No. 7138 .

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
Imperial Utilities Corporation for)
authorization to establish certain)
rates for water service and certain)
rules and regulations for said ser-)
vice in the town of Barstow, San)
Bernardino County, California.)

Application No. 4871.

ORIGINAL

Charles G. Patrick for Applicant.

C. W. Bruce for Protestants.

BY THE COMMISSION.

O P I N I O N

Imperial Utilities Corporation, a corporation engaged in supplying water for domestic, railroad and manufacturing purposes in the town of Barstow, has made application to the Railroad Commission, as entitled above, for authority to change its rates and establish rules and regulations for service. Applicant alleges that the present rate schedule was established by the Atchison, Topeka & Santa Fe Railway Company and that its gross revenue is not sufficient to meet operating expenses, depreciation and a fair interest return. The pumping plant and some of the mains were first installed by the Atchison, Topeka & Santa Fe Railway Company to provide water for its engines, roundhouse, yards and eating house, and permission was given to employes to take water from the system, provided they installed the necessary pipe lines and made the connections, the charge for this service being \$1.00 per month. Consumers other than employes were also permitted to take water, but were charged \$3.00 per month for this service. They, however, were required to install service connections at their expense. Under the railroad management a number of consumers were receiving free service,

among them being certain railroad officials, the public school, post office, et cetera.

The Imperial Utilities Corporation, the present owner of the system in question, acquired this property under authority granted by the Railroad Commission, in its Decision No. 6339, dated May 14, 1919. In the Matter of the Application of Barstow Utility Company, a corporation, to convey property to Imperial Utilities Corporation and of the latter corporation to issue stock and bonds in payment therefor (Application No. 3892), to which decision reference is hereby made for matters pertaining to the early history of this system and its financial condition.

Applicant submitted an appraisal of the property acquired from the Barstow Utility Company, which totals \$7,698. These figures were checked by the Commission's engineers and found to be reasonable. The evidence shows that applicant has expended to date \$9,364 for improvements and it is estimated that it will be necessary to expend \$5,060 to complete certain improvements as provided by the terms of a contract between the railroad company and the Barstow Utility Company, which obligation was assumed by applicant when the transfer was made. The above items total \$22,122, which is the estimated cost of this system when completed. An annual replacement fund in the amount of \$845 was computed by the sinking fund method.

The Imperial Utilities Corporation has operated the system in question in connection with an ice plant which was also acquired from the Barstow Utility Company, since June, 1919, and because of its varied activities and new construction work in progress, it has been impossible to get any definite data on operating cost. Applicant, however, submitted an estimate of its expenditures for one month of \$905, which indicates an annual maintenance and operation cost of \$10,860.

If the estimates submitted by applicant are reasonable and annual charges based upon them, the amount which the rate schedule should

yield annually would be \$13,475. This sum is computed from data submitted by applicant, as follows:

Interest on \$22,122 at 8%,.....	\$1,770
Operating expenditure,.....	10,860
Replacement fund (sinking fund method)..	845
Total,.....	\$13,475

From the evidence it appears that the total average monthly revenue is \$1,147, of which \$299 is derived from domestic use and \$848 from railroad use. This produces an annual income of \$13,764, which is in excess of the estimated annual charges. It is therefore apparent, upon the showing made, that no increase in rates is justified. However, it appears that the present form of rate is unsatisfactory and should be adjusted in such manner as to eliminate certain discriminatory practices which now exist.

Attention is called to the fact that it is impossible to compute a rate under a flat rate method of delivery by which the charges can be equitably distributed among the various consumers. The benefits obtaining from a metered system are a conservation of the supply, an equitable distribution of the charges and a saving in operation expenses, notably pumping costs. A fully metered system, in this instance, would contribute to efficiency of operation, and it is recommended that some plan be adopted for the gradual metering of the entire system. While the rate schedule which is established in the following order will not result in an increased annual income, it is designed to more equitably distribute the charges among the consumers:

O R D E R

The Imperial Utilities Corporation having applied to the Railroad Commission for authority to change its rates for water and establish rules and regulations for said service in the town of Barstow, San Bernardino County, California, a public hearing having been held and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT, that the evidence submitted does not justify an increase in rates,

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

IT IS HEREBY ORDERED that Imperial Utilities Corporation be and the same is hereby directed to establish the following schedule of rates.

said schedule being designed to produce approximately the same income as now being received by applicant, and to more equitably distribute the charges among the consumers:

Tenement buildings, lodging-houses or residences, 6 rooms or less, one toilet, one bath, 1 lot not to exceed 60x150 ft. in size.....	\$	1.50	per month
Each additional room.....		.10	" "
Each additional toilet, bath or urinal...		.15	" "
Horses or cows, one.....		.25	" "
Each additional horse or cow.....		.15	" "
Automobiles, each.....		.40	" "
Small stores and shops.....		2.00	" "
Hotels, base rate.....		2.50	" "
Each room having running water or bath...		.25	" "
All other rooms.....		.10	" "
Hotels with dining room in connection, additional charge.....		4.00	" "
Restaurants and eating houses.....		4.00	" "
Business blocks and floor, not exceeding 5 offices.....		2.50	" "
Each additional office.....		.10	" "
Stores, warehouses, butcher shops, confectionery shops, halls, billiard parlors, etc.....		2.50	" "
Drug stores and bakeries.....		2.00	" "
Barber shops, one chair only.....		2.00	" "
Each additional chair.....		.25	" "
Photograph galleries.....		2.50	" "
Laundries.....	\$2.00 to	8.00	" "
Lumber yards.....		5.00	" "
Public baths, each.....		1.25	" "
Public water troughs, each.....		1.75	" "
Steam boilers or gas engines, each, per Indicated Horse Power.....		.30	" "
Soda fountains, in addition to base rate for stores, each.....		1.00	" "
Cotton gins, for not more than 6-stand gin.....		5.00	" "
Each additional gin.....		.40	" "
Lime for building purposes, for each 100 sq.yds. plastered.....		.50	" "
Each 1000 bricks laid.....		.15	" "
For all purposes, per barrel lime.....		.15	" "
Concrete curb, per lin. ft.,.....		.10	" "
Fire hydrants, each.....		1.00	" "
Graded streets, water used in settling street, per 100 lin. ft.,.....		1.00	" "
Water for irrigation of lots at 1c per 100 square feet lot area.			

SCHEDULE OF METER RATES

(Domestic and Commercial)

Minimum monthly charge \$1.00 for 400 cu.ft. or less.
Over 400 cu. ft. to 2,000 cu. ft.,.....15¢ per 100 cu.ft.
Over 2,000 cu.ft.,.....10¢ " " " "

(Wholesale Rates)

1,000,000 to 10,000,000 gallons.....6½¢ per 1000 gals.
10,000,000 to 15,000,000 gallons.....5½¢ " " "
Over 15,000,000 gallons.....5¢ " " "

IT IS HEREBY FURTHER ORDERED that the above schedule of rates shall be placed on file with the Railroad Commission within twenty (20) days subsequent to the date of this order and be placed in effect on and after March 1, 1920.

Dated at San Francisco, California, this 13th day of February, 1920.

Edwin O. Edgerton
A. H. Howard
H. V. Brundige

Commissioners.