

Decision No. 8857

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of)
PALM VALLEY WATER COMPANY for leave)
to install meters and to fix rates)
for water service in the Town of)
Palm Springs.)

Application No. 5811.

P. T. Stevens and C. L. Flack
for Applicant.

BY THE COMMISSION.

O P I N I O N

PALM VALLEY WATER COMPANY, applicant in the above entitled proceeding, is a public utility water company located at Palm Springs, Riverside County, California, and engaged in the business of selling and distributing water for domestic and irrigation purposes to consumers in that vicinity.

In this proceeding applicant asks for authority to install meters and that a rate be established for metered service, alleging in effect that the water supply is limited and should be conserved, and that the present schedule of \$2.00 per month, flat rate, is inadequate and does not produce a revenue sufficient to cover operating cost.

A public hearing was held in this matter at Palm Springs before Examiner Satterwhite. All of applicant's consumers were duly notified and given an opportunity to appear and be heard.

Palm Valley is a winter resort and applicant has only some 45 consumers who remain there during the entire year. The

summers are very hot, and the nature of the soil is such that very large quantities of water are required for gardens during the summer. The use for domestic purposes is also very large.

Attention is directed to the fact that applicant has not heretofore delivered water upon a measured rate basis, and that therefore there are no data in the records of this utility upon which to base the probable future cost to applicant of this service. Hence, in the establishment of a meter rate where such a rate has not previously existed, it becomes necessary to take into consideration the additional capital expenditures necessary in the installation of meters, the increased operating and maintenance expenses to be incurred in reading and repairing meters, billing, etc., and, on the other hand, any reduction in operating cost that may occur, together with the fact that, as in this case, the reduction in consumption due to the installation of meters will leave available for sale elsewhere a considerable quantity of water, establishing a new source of revenue for the utility. These matters have been carefully considered in connection with the present proceeding.

Mr. F. E. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report, giving the estimated original cost of the properties of this utility as approximately \$20,000, and a replacement annuity of about \$400.

The evidence shows that applicant expended approximately \$1,900 in operating its system during 1920. This amount, however, contains some charges which should not have been included. Furthermore, this sum should be reduced in an amount equal to the cost of operating the irrigation system, the rates for which are not before the Commission in this proceeding.

The evidence shows that during recent years there has been a material increase in the number of consumers served and consequent use, brought about by the development of the community. It is reas-

unable to expect that this territory will continue to develop, and will therefore require an increased water supply from year to year. The present water system was designed to serve a large area and is of sufficient capacity to supply many more than the present number of consumers.

After a careful consideration of these elements the rate schedule set out in the following order has been computed, and it is designed to yield to applicant a fair and reasonable annual income for the service rendered.

It will be noted that applicant in this proceeding has asked specifically for authority to install meters. We are of the opinion that it is applicant's right to install meters. This is true, generally, except where it becomes necessary or advisable that this Commission in order to secure adequate service and an equitable proration of the water supply or distribution of expense shall deem it advisable to direct otherwise. In this proceeding applicant may, if he so desires, proceed to install meters, as this is not an instance, in our opinion, where the Commission should issue a formal order requiring or authorizing it.

O R D E R

PAIM VALLEY WATER COMPANY having made application to the Railroad Commission as entitled above, a public hearing having been held and the Commission being fully apprised in the matter,

IT IS HEREBY FOUND AS A FACT that the rate established herein is a just and reasonable rate to be charged for metered service to the consumers of said company;

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

IT IS HEREBY ORDERED that Palm Valley Water Company be and it is hereby authorized and directed to file with the Railroad

Commission within twenty (20) days from the date of this order,
and thereafter charge the following rates for metered service:

DOMESTIC USE

Monthly Meter Rates:

Monthly minimum of 400 cubic feet or less,.....	\$1.25
From 400 to 1000 cubic feet, per 100 cubic feet.....	.25
From 1000 to 5000 cubic feet, per 100 cubic feet.....	.20
All in excess of 5000 cubic feet, per 100 cubic feet	.15

Dated at San Francisco, California, this 14th
day of April, 1921.

W. Loveland

James Martin
Charles V. Kewell

Commissioners.