

ORIGINAL

Decision No. 2675.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 WHITTIER WATER COMPANY for authority) Application No. 4815.
 to increase rates.)

Jas. S. Bennett, for Whittier Water Company.

Fredrick W. Smith and D. L. DiVecchio, for
J. O'Sullivan and C. E. Benton.

Frank G. Swain, for E. C. Dickinson and
Anna Warne; also for Jessie M. Rob-
ertson, water user in Laitweiler
Tract.

Haas & Dunnigan by Walter F. Haas; and
Bradner W. Lee, Kenyon F. Lee and
Bradner W. Lee, Jr., by Kenyon F.
Lee, for Deeded Water Right Owners.

A. Moore, for himself and Alice E. Moore,
as owners of Lots 72 and 74 in the
Orcharddale Tract; also for G.C.Ivey.

BY THE COMMISSION.

PRELIMINARY ORDER FOR TEMPORARY RATES

The application in this proceeding was filed on the 2nd day of August, 1919. A large number of protests were filed, raising the question of this Commission's jurisdiction as to certain phases of the Whittier Water Company's operation. After protracted argument, hearings and briefs, the matter was submitted on the preliminary question of jurisdiction, and the

Commission, by its order of June 28, 1921 (Decision No. 9172), dismissed the proceeding as to certain named protestants, in so far as it referred to the service of water by the applicant to such protestants, pursuant to the terms of the contract or deed referred to in the protests. The matter then came up for further hearing on the 16th of September, 1921, at Los Angeles, before Commissioner Benedict. Further evidence was submitted at that time by the applicant and by the Commission, bearing directly upon the question of rates. At the conclusion of this hearing, it was stipulated by all parties concerned that the matter might be deemed submitted upon the evidence which had been presented for the purpose of fixing a temporary rate pending the final decision herein.

This was done upon the understanding and condition that any excess of such temporary rates over the amounts heretofore authorized by the company's filed schedules should be impounded, and, upon the final decision herein, the excess of such temporary rates, if any, over the amount finally fixed by the Commission as the rates to be charged by this company, should be refunded to the consumers.

The evidence which has been introduced indicates clearly that the present rates of this utility are unreasonably low, and that an increase is justified. In reaching this conclusion, we have not endeavored to segregate any portion of the company's operations, nor endeavored to determine what the reasonable operating costs and revenues of such segregated portion would be. This is an impossible thing with this company. Its entire business has been carried on as a unit. Much of its service of water as a public utility is incidental to and not separable from the operations carried on in serving water as a matter of private contract. Many

of those who appeared as protestants and whose protests were sustained by the prior order herein, in so far as the service of water under contracts and deeds is concerned, also receive surplus or extra water from this company, acting in its public utility capacity. In addition it is shown that the company furnishes domestic water and irrigating water to a large number of so-called casual users, who have no claim upon the company by virtue of any deed or contract. This service is rendered in an agricultural community and water is supplied to the different kinds of users from the same mains and pipe lines.

No segregation, therefore, would be possible for the purpose of determining rates for the public utility operations of the company. It is not necessary that such segregation be made. It has been possible, by taking into consideration the entire operation of this company and making an analysis of its investment, operating costs and revenues, to determine what would be the reasonable rates if all the water distributed were subject to regulation. This method is the same as that employed by the Commission in other cases where similar circumstances were presented. The rates determined in this way represent the just and reasonable rates to be charged for that portion of the company's business which is of public utility character. As to the rest of the business which is subject to the terms of deeds or contracts as to the rates charged, the company may receive more or less than the rates fixed by the Commission. As to whether or not the rates collected under the terms of deeds or contracts is more or less than the reasonable rates is a matter outside the jurisdiction of the Commission and has no bearing upon the regulation of rates for the public utility portion of the service.

Referring now to the evidence presented on the matter of rates we find that an increase above the rates now in effect is justified.

A summary of the water sales for 1920 follows:

Classification	Deeded Rights & Contracts : M.I.H.	Extra Water : M.I.H.	Domestic Water : Cu. ft.	Industrial Water : Cu. ft.
Deeded Rights above Ditch	287,100	-	-	-
Sundry users, Deeded Rights above Ditch	-	66,950	-	-
Deeded Rights below Ditch	182,600	-	-	-
Sundry Users, Deeded Rights below Ditch	-	24,400	-	-
Colima	527,900	-	-	-
Orchard Dale	449,600	-	-	-
Stam	111,950	-	-	-
Luitweiler	103,500	-	-	-
Evergreen	229,700	-	-	-
Santa Gertrudes Water Company	59,100	-	-	-
Santa Gertrudes Irrigation Company	297,450	-	110,900	-
Special Contracts	128,600	-	-	-
East Contract	116,184	-	-	-
Sundry Users, LaHabra Valley	-	117,050	-	-
Sundry Users, Miscellaneous	-	388,300	-	-
Metered Domestic	-	-	1,273,550	-
" Industrial	-	-	-	12,255,000
Walnut Irrigation Co.	80,450	-	-	-
Totals	2,574,134	596,700	1,384,450 =19,224 MIE	12,255,000 =170,208 MIE

The sum of all sales for 1920 was 3,360,260 miner's inch hours.

Commission's Exhibit No.3 sets out the reasonable annual charges, including interest on all the properties, as \$112,876. This was estimated on the basis of the present operation of the plant. At the present time the plant is not being operated to the capacity it was during 1920 and for that reason the expenses for power and fuel and operating labor are much less. The revenues are also correspondingly lower.

The industrial use consisted of the sales to oil companies

and was delivered through the La Habra Water Company's lines. The agreement to use this company's lines has been cancelled and the oil companies are being supplied by the La Habra Water Company. The Whittier Water Company's sales are further reduced by the sundry water sales in La Habra Valley and the sales to the Colima Tract. The contract between the Colima Tract and the Whittier Water Company was cancelled by mutual agreement.

It is believed that, with the exception of the changes in the sales noted above, the sales for 1921 will be approximately the same as those for 1920, or 2,545,108 miner's inch hours. Using this total and the estimated reasonable annual charges set out above, the cost per miner's inch hour is 4.43 cents. Using the gas, power and operating labor costs for 1920 and the estimated reasonable expenditures for the remaining accounts, the reasonable expenditure for 1920 is \$127,540, and the cost per miner's inch hour delivered is 3.8 cents.

The company's pipe lines in most cases are built to carry the total amount of water which the company has the right to develop, but at no time has the company used them to their capacity, with the exception of the Bassett and Bartolo lines, which have been utilized to the full amount of the company's rights, or approximately so. However, at the Judson plant only 600 miner's inches of a possible 1,000 miner's inches have been developed, although the pipe lines and conduits as far as they have been constructed have been designed to take care of the full development of the company's rights at this location. In other words, the system is largely overbuilt for the present number of consumers, and by allowing interest on the total capital invested, as was done in the above computation, the cost per miner's inch hour is increased over what it should be for the present consumers.

It appearing from the foregoing discussion that the public utility rates of the Whittier Water Company should be increased,

IT IS HEREBY ORDERED that the Whittier Water Company be and it is hereby authorized and directed as follows:

1. To file with this Commission within twenty (20) days from the date of this order the following temporary rates:

<u>Meter Rates - Domestic</u>	<u>Per Month</u>
First 600 cubic feet or less	\$1.00
Next 1400 " " per 100 cubic feet	.12
All over 2000 cu.ft. " " " "	.07

Irrigation Rates

Per Miner's Inch Hour, 4 cents.

2. To put in effect the rates set out above for all public utility water supplied on and after November 1, 1921.

3. The above rates to be and remain effective upon the following conditions and not otherwise:

(a) That said company shall impound and hold intact in a separate fund all moneys collected hereunder in excess of the rates heretofore authorized.

(b) That in case the permanent rates finally set by the Commission are less than those established in this order, then the company shall refund the difference to the consumers.

It is understood that this is not a final order in this proceeding and that the Commission will establish a permanent rate for the public utility service of this company and make such further order in a subsequent decision as to it may seem proper with reference to the matters involved.

Dated at San Francisco, California, this 28th day of

October, 1921.

H. B. Audie
H. B. Audie

J. P. [Signature]