

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA EDISON COMPANY,)
a corporation, for an order author-)
izing an increase of rates for water)
sold and delivered through its Mound)
System in Ventura County.)

Application No. 5104.

MOUND WATER COMPANY, a corporation,)
George S. Sexton and George W. Harkey,)
Complainants,)

vs.)

Case No. 1257.

SOUTHERN CALIFORNIA EDISON COMPANY,)
a public utility corporation,)
Defendant.)

Argabrite and Drapeau, by Louis C. Drapeau,
for complainant.

Robert M. Clarke and D. W. Cunningham, for
applicant and defendant.

BY THE COMMISSION.

O P I N I O N

In Application No. 5104, Southern California Edison
Company, a public utility, engaged in the business of furnishing
water for irrigation and domestic purposes in the Mound District,
lying in the easterly portion of and east of the City of Ven-
tura, asks permission to increase rates. It is alleged in
effect that the rates now charged for water do not yield a
reasonable return upon the investment .

The complaint in Case No. 1257 alleges in effect that Southern California Edison Company is obligated to deliver to stockholders of the Mound Water Company, upon demand, a constant daily flow of 150 miner's inches of water; that the capacity of defendant's system is only 90 miner's inches; that defendant has supplied water to consumers who are not stockholders in the Mound Water Company, and that complainants George S. Sexton and George W. Harkey, stockholders in that company, have been denied water service. The Commission is asked to restrain Southern California Edison Company from furnishing water to any persons who are not stockholders in Mound Water Company.

Public hearings in these proceedings were held at Ventura before Examiner Satterwhite, of which all of applicant's consumers were duly notified and given an opportunity to appear and be heard. At these hearings five proceedings, Applications Nos. 5104 and 5949, and Cases Nos. 1257, 1455 and 1461 were consolidated and it was stipulated that the testimony introduced in any proceeding might be considered in the others. However, due to the diversity of the matters involved it has been considered advisable to render separate decisions except in Application No. 5104 and Case No. 1257 which are here consolidated for decision.

The Mound Water Company was a mutual company incorporated in 1904 for the purpose of furnishing water for the irrigation of certain lands situated immediately east of Ventura. The water system of the Mound Water Company was transferred to the Ventura County Power Company in 1907 under an agreement obligating the Ventura County Power Company to furnish to the stockholders of the Mound Water Company, upon demand, a constant flow of 150 miner's inches at the following rates:

A rate of 25 cents per miner's inch per 24 hours for irrigation use.

For domestic service the rate is \$25.00 per year for 100,000 gallons of water, any excess over that quantity to be paid for at the irrigation rate.

In November, 1917, this water system was transferred by the Ventura County Power Company to Southern California Edison Company, the defendant herein. The water supply for this system is obtained by pumping from two artesian wells into a concrete sump located at the main pumping plant. From this sump water is pumped against a static head of 320 feet through approximately $2\frac{1}{2}$ miles of pipe to a concrete lined reservoir of 2,000,000 gallons capacity. Distribution mains tap this pipe line at various points. The pumping equipment consists of electrically driven deep well and centrifugal pumps.

On July 1st, 1918, the Mound Water Company and two of its stockholders brought an action in the Superior Court asking that Southern California Edison Company be restrained from furnishing water to any persons other than the stockholders of the Mound Water Company. A temporary restraining order was granted by the Court, but on hearing the order to show cause why an injunction should not be issued, the application was on the 6th day of July, 1918, denied by the Court on the ground that jurisdiction in the matter was vested solely in the Railroad Commission of the State of California. The Supreme Court of the State of California, in a decision handed down January 4, 1921, reversed the decision of the Superior Court, and held "that the Railroad Commission had no power or authority over the water or the water system so far as the water necessary for the use of said stockholders of the Mound Water Company was concerned, and that the Superior Court had jurisdiction of the action".

At the hearing of this matter before the Commission complainants did not substantiate the allegation that the

Southern California Edison Company had refused or failed to deliver water as demanded by the stockholders of the Mound Water Company. No proof was submitted that the capacity of the water system is only 90 miner's inches, but on the other hand testimony shows that the capacity is in excess of 150 miner's inches.

Prior to the hearing complainants asked that their complaint be dismissed. This request was, however, not granted by the Commission. At the hearing complainants declined to offer any evidence in support of this complaint, but defendant was permitted to offer evidence.

Applicant presented an appraisal showing an estimated original cost of \$109,628, but waived any claim for rate fixing based upon this valuation, and accepted the findings of the Commission's engineer as a rate base.

The complainants herein, who are also protestants in the matter of the application of Southern California Edison Company for permission to increase rates, presented an appraisal of the system showing an estimated original cost of \$83,863. Mr. D. E. Harroun, one of the Commission's hydraulic engineers, presented a report covering the results of a field investigation, an appraisal of the property, and a study of the cost of maintenance and operation. His appraisal shows an estimated original cost of the property amounting to \$104,317, with a depreciation annuity, computed by the sinking fund method at 6%, of \$1,053. The report also recommended the sum of \$12,001 as a fair and reasonable estimate of the future cost of maintenance and operation.

The following is a summary of the annual charges as indicated above:

8% Return upon \$104,317	\$8,345
Replacement annuity	1,053
Maintenance and operating expenses	12,001
Total	<u>\$21,399</u>

The total revenue from this system for the year 1919 was \$7,231. It would therefore appear that the utility is entitled to an increase in rates.

From the decision of the Supreme Court of the State of California, and after consideration of the testimony in the present proceeding, it appears that Southern California Edison Company is obligated to furnish water on demand to the stockholders of the Mound Water Company at the rates set forth in the agreement covering the transfer of the water system to the Ventura County Power Company. It further appears that 150 miner's inches of water is not always demanded or required by the stockholders of the Mound Water Company. It therefore appears reasonable that Southern California Edison Company should be permitted to furnish to any applicants therefor such surplus water as the system can supply after caring for its obligations to the stockholders of the Mound Water Company. The decision of the State Supreme Court constitutes a finding that the service of water to the stockholders of the Mound Water Company is in the nature of a private right, and that the rates now charged for such service must be maintained without change. Any increase in rates granted by this Commission can therefore only be applied to such excess water as is delivered to consumers who are not stockholders of the Mound Water Company. To place a rate on this excess water which would, together with the revenues at the low contract rates, return to applicant the annual charges set out above, would necessitate the fixing of charges which would be exorbitant and prohibitive. In arriving at a proper basis for a decision, the plant should be considered in its entirety, and the reasonable maintenance and operating expenses

thereon, together with a depreciation annuity on the whole, has been computed. Obviously the most reasonable and simple method of achieving this result will be to establish what would be a fair rate if every consumer were a public user. In so doing it assesses to public service consumers rates which are in proper proportion to the fixed charges.

After a careful consideration of all the elements entering into this matter, the following order is designed to establish proper rates for public utility service rendered by Southern California Edison Company through its Mound System.

O R D E R

Southern California Edison Company having made application to this Commission for permission to increase the rates charged for water supplied to consumers on its Mound System, and Mound Water Company, George S. Sexton and George W. Harkey having made complaint against the service rendered by Southern California Edison Company, public hearings having been held thereon and the matters having been submitted,

It Is Hereby Found as a Fact that the rates now charged by Southern California Edison Company for water supplied to public utility consumers under the Mound System are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

It Is Hereby Further Found as a Fact that no showing has been made that the demands for water of stockholders of the Mound Water Company have not been fulfilled, and that Southern California Edison Company may supply any surplus water developed by its Mound System after the contract requirements of stockholders of the Mound Water Company have been supplied.

And basing the order upon the foregoing findings of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that Southern California Edison Company be and it is hereby authorized and directed to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for public utility water service through its Mound Water System, such rates to be charged for all service rendered subsequent to January 31, 1922.

IRRIGATION RATES

Per miner's inch run for 24 hours, which is equivalent to 1728 cubic feet \$.50

DOMESTIC RATES

Minimum Monthly Charges

5/8 inch meters	\$1.00
3/4 inch meters	1.25
1 inch meters	1.75
1 1/2 inch meters	2.50
2 inch meters	3.00
3 inch meters	4.00
4 inch meters	5.00

For all Water Used

From 0 to 500 cu.ft. per month, per 100 cu.ft.	\$.25
From 500 to 1000 " " " " 100 "	.20
From 1000 to 3000 " " " " 100 "	.15
From 3000 to 10000 " " " " 100 "	.10
From 10000 to 30000 " " " " 100 "	.08
Over 30000 " " " " 100 "	.05

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company file with this Commission within thirty (30) days from the date of this order rules and regulations governing relations with its consumers, such rules and

regulations to become effective upon their acceptance by the Commission.

IT IS HEREBY FURTHER ORDERED that the complaint of Mound Water Company, a corporation, George S. Sexton and George W. Harkey be and the same is hereby dismissed.

Dated at San Francisco, California, this 20th day of December, 1921.

J. B. ...

H. D. ...

J. H. ...

Commissioners.