

ORIGINAL

Decision No. 28989

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of COMMERCIAL LAND COMPANY for an order increasing water rates and to determine meter charge rate.

Application No. 19978

T. N. Harvey and C. W. Johnston,
for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Commercial Land Company, a corporation, serving natural gas and water in the unincorporated Town of Tupman in Kern County, applies for authority to meter all water users and asks for the establishment of a reasonable rate for such service.

A public hearing was held in this matter before Examiner MacKall at Tupman.

According to the evidence, applicant is now serving water to some thirty consumers on a flat rate basis under the following schedule of rates established by the Railroad Commission in its Decision No. 15564, issued October 25, 1925 (27 C.R.C. 136):

FLAT RATE PER MONTH

For domestic use dwellings when water is used for garden irrigation from 3:30 P.M. to 6:30 P.M. only-----	\$3.00
Where water is used for garden irrigation outside of the hours specified above-----	6.00
Stores-----	5.00
Gas and Oil Stations-----	3.00
Apartment Houses per Apartment-----	2.25

-00-

The Town of Tupman is situated some twenty-four miles west of the City of Bakersfield in the Elk Hills oil fields. The climatic conditions are such that during the summer months an adequate supply of potable water is absolutely necessary for domestic uses. The present water supply is obtained from a well located a short distance east of the townsite but the well production is insufficient to meet even the demands of the present thirty domestic consumers and the water is so highly mineralized that it cannot be used for drinking purposes, all such water being hauled in by the consumers from outside sources.

The evidence shows that the historical cost of the water plant is five thousand three hundred dollars (\$5,300) with a corresponding annual depreciation charge of two hundred and one dollars (\$201). The results of operation have been as follows:

	1931	1932	1933	1934
Total Annual Maintenance and Operating Costs	\$1,745.69	\$2,299.63	\$1,952.35	\$2,093.57
Total Annual Revenues	1,584.98	1,769.64	1,702.84	1,999.18
Net Loss	\$ 160.71	\$ 529.99	\$ 249.51	\$ 94.39

-000-

The above figures include revenues from sales of water to the Elk Hills School District obtained by purchase under contract from the Western Water Company. The expenses also include the cost to applicant of this purchased water. This contract has been cancelled, the school district now purchasing directly from the Western Water Company. Making adjustment for this change, C.F. Mau, one of the Commission's engineers, estimated that under existing operating conditions the annual revenues to be derived in the im-

mediate future under present rates will be one thousand three hundred thirty-four dollars (\$1,334); the reasonable operating expenses will amount to fifteen hundred dollars (\$1,500) per annum including depreciation, leaving a deficit of one hundred and sixty-six dollars (\$166).

Applicant has offered to give free of charge this entire plant to the community or to any one who will accept it and agree to continue service. This offer not having been accepted, request is made for the establishment of such a rate as will permit the installation of meters and operation under a measured schedule without further out-of-pocket loss.

The problem here is the necessity for a new and adequate supply of potable water. The consumers have no objection to the payment of a fair price for such water but do object to paying more for an insufficient amount of water unsatisfactory for household use. Obtaining such water from a new well would be expensive and require several miles of transmission main.

In view of the prohibitive cost of drilling a new well and installing a long transmission line, together with the uncertainty of obtaining thereby a satisfactory water supply, the Commission's staff endeavored to prevail upon some of the oil companies operating in the vicinity to sell to applicant water from their private water lines. As the result of quite extended negotiations, the Honolulu Oil Corporation, a corporation, and Standard Gasoline Company, a corporation, joint owners of a water line passing within one-half mile of the townsite of Tupman, have agreed to sell to applicant surplus water at a price of one cent (1¢) per barrel under terms providing for cancellation of the service agree-

ment at any time at the option of the sellers. This water supply is not only adequate in quantity but the water is potable and claimed to be of a highly satisfactory quality for practically all household uses.

This solution appears to be the most feasible and economical, but, of course, will call for the expenditure by applicant of approximately twelve hundred and fifty dollars (\$1,250) for a pipe line connecting the two water systems to which must be added the cost of meters, making a total of eighteen hundred dollars (\$1,800). There will be the added expense of purchased water which will make production costs somewhat higher than at present from the company's well. The old distribution system will be used and the well and pumping plant held as a standby, making the total fixed capital investment under the above proposal seven thousand seventy-one dollars (\$7,071).

The schedule of meter rates set out in the following Order is designed to provide a rate fair and reasonable to both consumer and utility under the proposal outlined above wherein water is to be obtained from the Honolulu Oil Corporation, a corporation, and Standard Gasoline Company, a corporation, at a price of one cent (1¢) per barrel and will be made effective only when water from this source is made available and delivered to the consumers.

O R D E R

Commercial Land Company, a corporation, having made application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission now

being fully advised in the premises,

It is hereby found as a fact that the rates charged for water by Commercial Land Company to its consumers in and in the vicinity of the Town of Tupman, Kern County, in so far as they differ from the rates authorized by this Order, are unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged for the service rendered, and

Basing this Order upon the foregoing finding of fact and on the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Commercial Land Company be and it is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged its consumers in and in the vicinity of the Town of Tupman, Kern County, effective as hereinafter provided.

METER RATES

Monthly Minimum Charges:

5/8-inch meter-----	\$ 2.50
3/4-inch meter-----	3.50
1-inch meter-----	5.00
1½-inch meter-----	7.50
2-inch meter-----	10.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following monthly quantity rates.

Monthly Quantity Rates:

First	500 cubic feet, per 100 cubic feet-----	\$0.50
Next	500 cubic feet, per 100 cubic feet-----	0.40
Next	1,000 cubic feet, per 100 cubic feet-----	0.30
All over	2,000 cubic feet, per 100 cubic feet-----	0.25

IT IS HEREBY FURTHER ORDERED as follows:

1. The Commercial Land Company, a corporation, be and it is hereby authorized to enter into an agreement with Honolulu Oil Corporation, a corporation, and Standard Gasoline Company, a corporation, for the purchase of water for distribution to its consumers, and a certified copy of such agreement shall be filed by said Commercial Land Company with this Commission within ten (10) days from the date water is first purchased from the above two corporations and actually delivered to the water users.
2. Within ten (10) days from the beginning of regular water deliveries from the source indicated in Paragraph 1, Commercial Land Company shall notify this Commission in writing of the date thereof.
3. The foregoing schedule of rates shall become effective only when regular water service is commenced from the source indicated in Paragraph 1.
4. After deliveries have commenced from the source indicated in Paragraph 1, Commercial Land Company shall discontinue delivery of water from its existing well except in cases of emergency or in the event of cancellation of the above referred to agreement for the purchase of water as indicated in Paragraph 1.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 15th day of June, 1936.

M. B. Harris
Sam. Wheeler
Al. R. C. C.
W. H. C. C.
Commissioners.