

Decision No. 34176

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

J. P. BRANLEY, et al,
Complainants,

Vs

BIDWELL WATER COMPANY,
Defendant.

ORIGINAL

Case No. 4542

J. P. Branley, for Complainants.

Bruce Bidwell, for Bidwell Water Company.

RILEY, COMMISSIONER:

O P I N I O N

In this proceeding, J. P. Branley and twenty-eight other water users have complained against the Bidwell Water Company, a public utility furnishing water for domestic, commercial, agricultural irrigation, and other purposes, in and around the unincorporated town of Greenville, in Plumas County. It is alleged in the complaint that for many years this Company has furnished water to the inhabitants of Greenville for lawn and garden sprinkling and irrigating uses at a fixed flat rate charge of \$1.00 per month during the period from May to September, both inclusive, and that in April, 1940, notice was given to the water users that henceforth the lawn and garden charge would be at the filed rate of 5¢ per 100 square feet of area irrigated for each of the said five months. Complainants ask that the Railroad Commission establish new and permanent rates to be charged water consumers in the Town of Greenville and vicinity.

In answer to the complaint, the defendant utility admits that for many years it has charged a less and different rate for

water delivered for irrigation of lawns and gardens than the established tariff but alleges that the unit rate based upon the area actually irrigated is more reasonable, just and equitable than the flat rate of \$1.00 per month which wholly disregards the amount of land under irrigation. The defendant utility further contends that the charge of 5¢ per 100 square feet of lawn and garden is now necessary to insure a net adequate return on its investment.

A public hearing in this matter was held in Greenville.

This utility is owned by Bruce Bidwell and his sister, Elsie B. Bumgarner, and operated under the fictitious firm name and style of Bidwell Water Company. (1)

Greenville is located at the upper end of Indian Valley at an elevation of 3,580 feet. The original water supply came from Buckeye Springs, one mile southwest of town; however, since about 1918, the spring water has been supplemented from Round Valley Reservoir, also called Lake Bidwell, situated about 2-1/4 miles southerly from Greenville at an elevation of 4,480 feet and having a storage capacity of approximately 4,000 acre-feet of water. The Company maintains a regulating and distribution reservoir holding 130,000 gallons, providing a static head of about 140 feet for the main business section of Greenville. From the local distributing reservoir a pipe line 3,516 feet long, varying from six inches to fourteen inches in diameter transmits the water to the distribution system which consists of 29,055 feet of pipe, ranging from one inch to four inches in diameter. There are 22 fire hydrants attached to the system and about 235 active service connections, only four of which are metered.

At the hearing a number of customers having large lawns testified to the effect that the rate of 5¢ per 100 square feet per month is too high, resulting in the receipt of exorbitant water bills

Note: (1) Hereinafter sometimes referred to as the Company.

for the 1940 season. Several consumers complained about the present charge of 25¢ per month for each automobile, testifying that their automobiles are washed very infrequently and then usually at service stations or garages. Those testifying did not appear to favor the use of meters, claiming that the more than ample supply of gravity water available to the Company makes measured service wholly unnecessary.

Considerable testimony was introduced dealing with the quality of the water. Apparently at times it has given off a rather disagreeable odor, particularly when heated. Occasionally the water has been discolored and silt-laden. According to the evidence, the preceding unusually dry winter season failed to yield sufficient run-off to fill Round Valley Reservoir during 1939 with the result that before the end of the year the lake level was drawn down to such an extent that the water developed a noticeable odor from abnormally heavy submarine weed growth and decaying vegetation in the shallow parts of the reservoir. The more complete aeration of water at and after discharge from the Lake before passing through the natural filter system should practically eliminate this problem in the future provided proper treatment is given the raw water while in the reservoir. Extensive logging operations conducted during the years 1938 and 1939, denuding a very considerable area above Buckeye Springs, created serious erosion of the exposed soil and caused a high turbidity in the output of the springs. The various types of clays carried in suspension unavoidably were transmitted throughout the entire distribution system. This condition is essentially temporary and will be cleared up gradually by the new tree and brush growth around the springs. The discoloration in the water can be rapidly controlled and eliminated by following a program of systematic flushing of all water mains at the fire hydrants and blow-off valves.

One consumer testified that the working water pressure in his neighborhood has never been adequate and that during hours of irrigation in summer, he is unable to procure water from the plumbing fixtures inside his house. The district in question is situated on the opposite hillside from the distribution reservoir. In an effort to reduce wasteful and careless use of water which had seriously taxed the capacity of the pipe lines and mains, the Company's rules have prohibited sprinkling except between the hours of 7:00 and 10:00 o'clock A.M. and 4:30 and 8:00 o'clock P.M. This practice has resulted in the concentration of the use of water for lawn and garden irrigation to the evening period, seriously reducing the pressure available in the higher elevations of the community at that time. This rule restricting and confining lawn and garden sprinkling to certain hours should be abolished. Poor pressure conditions should be remedied by installation of feeder mains of increased carrying capacity and the erection of balancing tanks or reservoirs in the low pressure areas.

Mr. C. L. Hall, Chief of the Greenville Fire District, testified that the existing distribution reservoir is insufficient to provide a dependable stand-by or reserve supply for the town because it is subject to interruption by flood and breaks in the transmission lines. The Fire Chief urged the installation of additional storage facilities in the town itself. The Greenville Fire District now has assumed the responsibility and expense of maintaining all fire hydrants, some of which were installed by the Company, some by adjacent property owners and some by the said District. Heretofore the District has paid nothing to the Company in the way of fire hydrant rentals. Based on a survey by the Company of the various types and sizes of fire hydrants in 1940, a bill of over \$400 was presented to the District. Because of large payments still due

on recently acquired fire-fighting apparatus and equipment, the fire commissioners decided that they could pay only \$150 for the year 1940. It is clear that the District should make some reasonable contribution toward the upkeep of the facilities provided by this utility for fire protection purposes. In the event of failure of the present efforts of the Company and the Fire District to arrive at a rate for hydrants which is mutually agreeable to each, the Commission will establish such a charge upon request of either party.

Mr. Bruce Bidwell testified that during the operation of the water-works by his father, A. R. Bidwell, now deceased, there was considerable laxity in the charges made for watering lawns and gardens. The unit measured rate authorized by the Commission in December of 1925 was disregarded in favor of a nominal charge of \$1.00 per month for the five months of May to September, inclusive, to customers having lawns and gardens. The witness made a house survey of all irrigated areas and in 1940 billed his customers on the basis of the 1926 sprinkling rate. As will be shown from the following figures presented by Mr. Bidwell, this change in policy has not greatly increased the revenue but has effected a general redistribution of charges:

: Number :	: Total :	: Computed Average :	
: of :	: Revenue :	: Per Consumer :	
: Consumers :	: :	: Season of 5 Months :	: Per Month :
<u>As Billed in year 1940 on Basis of 5¢ per 100 Square Feet</u>			
58	\$152	\$2.63	\$0.52½
4	20	5.00	1.00
118	546	9.47	1.95
Total	\$718		
<u>Under Former Billing Basis of \$1.00 Per Month for Five Months</u>			
118	\$590	\$5.00	\$1.00
			1940 Increase over former charges.....\$128

It is apparent from the above figures that the overall result and the total average monthly departure under the new billing

was not excessive. There were decreases as well as increases. Nevertheless in a few cases of the larger lawns and gardens, there was quite a violent increase over former charges for this class of demand. In view of the fact that all parties concerned are not in favor of the installation of meters for domestic service, it is evident that in fairness to the owners of small as well as the owners of average size lawns and gardens, an equitable, uniform and non-discriminatory flat rate must be fixed for this use, which of necessity and also preferably, should be based upon the area involved and the water requirements therefor. Such a rate will be established in the following Order.

However, in respect to the increased charges exacted by the Company for lawn and garden irrigation service during the 1940 season, it appears that the new methods and practices adopted in computing the amounts due therefor resulted in some unjustifiable increases in a considerable number of instances. Having applied continuously a fixed method of determining the amount to be billed for lawn and garden sprinkling resulting in a uniform charge of \$1.00 per month per season, it does not appear equitable that such basis of computation should be changed to create varied increases and extra profits without sanction of the Commission first obtained. All such irrigation charges in excess of \$1.00 per month per season for service rendered during the year 1940 should be refunded to the consumers entitled thereto either in cash or by way of credit on current water bills until satisfied.

Prior to 1933, water for agricultural irrigation purposes had been sold on the measured basis of the quantity released from Lake Bidwell and discharged into the natural creek channels. Thereafter the water was recaptured by the irrigators in Indian Valley through a mutually owned diversion structure. Many serious controver-

sies arose between the Company and the water users and even among the consumers themselves over the measurements, deliveries, receipt and use of this water, resulting in the general repudiation of this method of delivery and charging for irrigation water. The principal bone of contention arose over responsibility of assuming or standing the burden of the heavy seepage losses incurred both between point of discharge at Round Valley Lake and the water users' diversion dam and also after release from said dam. To avoid these difficulties, a flat rate per acre charge was established in 1933 and is still in effect. No evidence was presented in this proceeding showing any necessity or reason for disturbing this agricultural irrigation rate now. Should demand arise in the future for some other method of charging, measuring or delivering water for this type of use, the matter may be handled through the informal filing by applicant herein of an acceptable optional form of rate.

The Company's books show a fixed capital investment of \$28,108 as of December 31, 1939. An analysis of the utility's accounts shows that certain items properly chargeable to capital have been allocated improperly to maintenance and operating expenses and that the accounts do not fully reflect retirements from capital. A report submitted by E. R. Foster, one of the Commission's hydraulic engineers, shows the estimated original cost of the utility's properties at \$30,963 as of September 15, 1940. The following tabulation gives the Company's reported investment in fixed capital and the estimated original cost of the properties as appraised by the Commission's engineer:

FIXED CAPITAL

: Account:	: Classification	: Company: C.R.C.	:
: No.:		: Books: Appraisal:	:
		: 12/31/39: 9/15/40 :	:

Intangible Capital

C-2	Franchises and water rights	\$ 500	\$ 500
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Tangible Capital

C-6	Buildings	\$ 500	\$ 825
C-7	Impounding dams and reservoirs	3,857	1,100
C-11	Springs and infiltration galleries	300	-
C-13	Canals and conduits	814	-
C-16	Purification system	380	341
C-17	Transmission mains or canals	4,891	6,021
C-18	Distribution mains or canals	12,361	18,019
C-19	Distribution reservoirs	-	303
C-21	Services	3,416	1,650
C-22	Meters and measuring devices	434	149
C-23	Miscellaneous distribution equipment	-	200
C-24	General equipment	654	1,855
	Total Tangible	\$27,607	\$30,463

Total Fixed Capital	\$28,107	\$30,963
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The depreciation annuity computed by the sinking fund method at five per cent (5%) amounts to \$547 and the accrued depreciation has been calculated to be \$5,555.

The report of the Commission's engineer also sets forth a full and complete analysis of the Company's operating revenues and expenses. No other evidence of this nature was submitted. From the record, it appears that the results of operation under estimated normal conditions may fairly be assumed as follows:

Gross revenues, 5 year average 1935 to 1939		\$5,617
Gross revenues, 1939		6,459
Maintenance and operation expenses	\$3,000	
Depreciation annuity	<u>547</u>	\$3,547
Net revenues, 5 year average		\$2,070
Net revenues, Year 1939		2,912

The sum of \$2,070 is equivalent to a net rate of return of approximately 6½% on the total capital investment of \$30,963 for the average annual revenue based upon the receipts for a 5-year period; for the year 1939 the net revenue of \$2,912 is equivalent to a net return of 9½% on the above investment. Thus it appears that some reduction and modification of rates is in order. However, in a utility of this size, a small fluctuation in percentage of return does not amount to a very substantial sum from a practical standpoint. There is no quarrel on the part of the consumers over the basic rate structure.

The principal causes of complaint have arisen from the sudden departure from customary billing practices for lawn and garden sprinkling which have been in vogue for over ten years last past and high disfavor with the obsolete charge for private automobiles on consumers' premises. Some dissatisfaction has been expressed over occasional poor water quality and seasonal inadequate and low pressures in certain sections of Greenville. There is an urgent and justifiable demand for a readjustment of the basic method of computing charges for domestic sprinkling purposes and for the complete cancellation and abolishment of the charge for private automobiles. This will be done. However, it appears to be the general concensus of opinion that whatever additional savings may be due in rates should more advantageously be made through the installation of such system improvements to remove these major causes of service complaints as may be made at a cost reasonable under the circumstances.

It is therefore conclusively evident that the best interests of the public require that this utility be directed to take immediate steps to improve the pressure and quality of the water as indicated above and that plans therefor be prepared and submitted to this Commission for its approval.

O R D E R

A complaint as entitled above having been filed with the Railroad Commission against the Bidwell Water Company by more than twenty-five of its consumers, a public hearing having been held thereon, the matter having been duly submitted and the Commission being now fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Bruce Bidwell and Elsie B. Bumgarner, operating under the fictitious firm name and style of Bidwell Water Company, for water supplied to their consumers in and near the unincorporated Town of Greenville, in the County of Plumas, 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 to be charged for the services rendered and, basing its Order upon the foregoing findings of fact and upon the statements of fact and for the reasons set forth in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Bruce Bidwell and Elsie B. Bumgarner, operating under the fictitious firm name and style of Bidwell Water Company, be and they are 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 for all water service rendered to their consumers on and after the

14 day of June, 1941:

METER RATES

Minimum Monthly Charges

For	5/8	inch meters.....	\$1.50
For	3/4	" "	2.00
For	1	" "	3.00
For	1-1/2	" "	6.00
For	2	" "	7.50
For	3	" "	12.00

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

Monthly Quantity Rates

First	700	cubic feet, or less.....	\$1.50
Next	800	cubic feet, per 100 cubic feet.....	.20
Next	1,500	" " " " " " " " .....	.15
Next	2,000	" " " " " " " " .....	.10
Over	5,000	" " " " " " " " .....	.05

Meters may be installed by the utility at its own expense upon any service and the consumer billed at meter rates upon 30 days' written notice.

Meters will be installed at the request of any consumer upon the deposit with the utility of the estimated cost of such installation, and water supplied will thereafter be charged for at meter rates; such deposits to be returned to consumers at the monthly rate of one-fourth the bills for water used through the meter.

FLAT RATES

<u>Classification</u>	<u>Per Month</u>
1. For each residence, flat, apartment, boarding or lodging house, of 5 rooms or less, including reasonable and necessary quantities of water for an irrigated area of not over 500 square feet of lawns, gardens, shrubbery and trees.....	\$1.50
For each additional room.....	.10
For each bathtub or shower.....	.25
For each flush toilet.....	.25
For each additional dwelling unit on same premises and taking water through same connection, according to use and facilities.....	\$0.50 to \$1.75

Classification (Cont'd)

2. Sprinkling or irrigation of lawns, gardens, shrubbery, etc., for all watered area in excess of 500 square feet for each residential establishment, payable during the five months of May to September, inclusive, and any other months of the year when water is actually used for sprinkling or watering purposes:		
First	500 square feet.....	No charge
Next	5,000 square feet, per 100 square feet	\$0.05
All over	5,500 square feet, per 100 square feet	0.025
3. Private barns, livery stables, or feed yards:		
Per head of stock in excess of one		0.25
4. Hotels:		
General use, lobby, etc.		2.50
Each room with running water .....		.10
Each bathtub or shower .....		.15
Each flush toilet .....		.15
Each unit of seating capacity in dining room, coffee shop, etc. ....		.10
5. For each restaurant, lunch counter, cafe, per unit of seating capacity		
Minimum charge		2.00
6. Barber shops and beauty parlors:		
For single chair or operator		1.00
For each additional chair in use .....		.25
For each bathtub or shower for public use .....		.50
For each flush toilet .....		.25
7. Doctors' and dentists' offices:		
For not more than two rooms with water service...		1.50
For each additional room .....		.50
8. Garages and service stations:		
For each automobile washrack.....		\$2.00 to \$5.
For each flush toilet .....		.50
9. For each public hall, lodge room or church		
		1.25
10. For each drug store, soft drink parlor, saloon, according to expected use of water, minimum charge		
		2.50
11. For each retail store, shop, bank, etc., according to expected use of water, minimum charge		
		1.50
12. For each laundry, creamery or slaughter house, according to use		
		\$3.00 to \$10

Classification (Cont'd)

13. For each window-box type air cooling unit, in addition to regular flat rates, during months of use which will be considered as the months of June, July, August and September, except where the consumer notifies the Company as to the months during the above period on which the unit will not be in service, provided the unit is disconnected during such months subject to inspection by Company representatives:
- | | |
|------------------------------|--------|
| For water-wasting type..... | \$0.40 |
| For re-circulating type..... | .20 |
14. Auto courts and camps or other uses not listed and combination uses not otherwise classifiable, to be charged for water at metered rates.

AGRICULTURAL IRRIGATION RATE

Per acre, per year.....	\$2.00
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Twenty-five per cent (25%) of the above charge shall be due and payable on the first day of May of each year upon the filing of an application for water service; the balance thereof shall be payable at the end of the irrigation season or not later than the first of September.

IT IS HEREBY FURTHER ORDERED that Bruce Bidwell and Elsie B. Bungarner, operating under the fictitious firm name and style of Bidwell Water Company, be and they are hereby authorized and directed as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission for its approval, quadruplicate sets of rules and regulations governing relations with their consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet approximately 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of the utility's service area and the location thereof with reference to the surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.

2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn to an indicated scale of not less than 400 feet to the inch, upon which shall be delineated by appropriate markings the entire area served by the utility. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service.
3. To refund on or before the first day of August, 1941, to all consumers entitled thereto all charges in excess of One Dollar per month per season for lawn and garden sprinkling service rendered during the season of 1940, said refunds to be either in cash or by way of credit on current water bills until satisfied.
4. To file with this Commission within ninety (90) days from the date of this Order, detailed plans for the installation of a main or mains of larger carrying capacity and additional storage facilities to satisfactorily remedy the poor service conditions existing in the Town of Greenville, as indicated in the foregoing Opinion, such plans to be subject to the approval of this Commission, said improvements to be installed and in operation in a manner acceptable to this Commission, on or before the first day of September, 1941.

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

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15 day of May, 1941.

[Signature]
[Signature]
Francis L. Havens

COMMISSIONERS.