

Decision No. 36430

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Alfred W. Mondorf for a certificate of Public Convenience or Utility.

Application No. 25322

ORIGINAL

Alfred W. Mondorf, for himself.

BY THE COMMISSION:

O P I N I O N

In this proceeding Alfred W. Mondorf asks the Railroad Commission for a certificate of public convenience and necessity to furnish water service for domestic and other purposes in portions of Sections 7, 18 and 19, Township 4 North, Range 7 West, S.B.B. & M., near Phelan, San Bernardino County, California; the Commission is also requested to establish a schedule of rates for such service.

A public hearing in this matter was held in Phelan before Examiner E. L. Clark.

For several years applicant has been supplying water from Smithson Springs to residents on Mojave Desert lands located approximately five miles west of Phelan and to others in the neighboring area who haul water away in their own containers. Development of Smithson Springs as a public source of water began about 1907 when a few ranchers and homesteaders laid approximately 6,000 feet of pipeline from the springs to a small storage reservoir, from which they hauled the water to their ranches and cabins. In 1935, applicant and his partner, Mr. Alfred Lutz, acquired the land upon which the springs are located, certain other real estate and the water system and appurtenant facilities. Improvements and additions to the original water system were made. Applicant acquired all of his partner's interest in the water system in 1937.

Water from Smithson Springs at approximately 4,750 feet elevation is conveyed by gravity northeasterly through 5,700 feet of transmission pipeline varying from  $3\frac{1}{2}$  to  $1\frac{1}{2}$  inches in diameter to two steel tanks of 7,500 and 1,600 gallons capacity located at the upper or southerly end of the present area of service. The distribution system is comprised of 7,350 feet of 3 to 1-inch diameter pipelines. Reconditioned pipe was installed except in the nineteen  $3/4$ -inch service connections where new pipe was used. Permit No. 5230, issued October 8, 1938, to Alfred Mondorf by the State Division of Water Resources, provides for diversion from Smithson Springs of some 16,000 gallons per day for domestic purposes and irrigation. The springs are estimated to produce at least 30,000 gallons a day throughout the season, which quantity exceeds present requirements and permits a reasonable future increased usage.

At present twelve metered services are supplied at an average static pressure of 120 pounds per square inch. These consumers own 5, 10 and 15-acre parcels upon which they have constructed more or less permanent dwellings. Water is used principally for domestic purposes. Four consumers are permanent residents and use water throughout the year. The others occupy their premises during weekends. In addition to the consumers connected to the distribution system, there are about six families living in the general vicinity of the area now served who depend upon and continue to haul water from a service outlet provided for the purpose at the lower or northerly end of the system near State Highway No. 138. The elevation at the highway is about 4,000 feet.

The rates presently charged, as shown by Exhibit No. 1 filed in this proceeding, are as follows:

- "Per Month: \$1.00 for 1,000 cubic feet or less
  - 0.07 per hundred for the second 1,000 cubic feet
  - 0.05 per hundred for use above 2,000 cubic feet
- \$0.05 per hundred to consumers storage of no less than 5,000 gallon capacity. Minimum \$1.50 per month.
- \$5.00 per year for non-permanent residents, providing use does not exceed 5,000 cubic feet per year, or 500 cubic feet in any one month, or 50 cubic feet in any one day.

Storage must be installed where use exceeds 3,000 cubic feet in any one month, or 300 cubic feet in any one day. One cubic foot approximately 7.25 U.S. Gallons."

Mr. Mondorf testified that the above rates do not produce sufficient revenue to meet more than one-half of his expenditure of some \$160 per year necessary during the last two years to maintain service, exclusive of depreciation. He requested that just and reasonable rates be established and proposed the following charges for service:

	<u>Per Month</u>
First 500 cubic feet, or less . . . . .	\$1.00
Next 500 cubic feet, per 100 cubic feet . . . . .	.10
Next 2,000 cubic feet, per 100 cubic feet . . . . .	.08

80¢ per 1,000 cubic feet to consumer's own storage of no less than 5,000 gallons capacity, delivery to such storage to be regulated by the utility to insure equal distribution of water to all users.

Minimum rate to storage, \$1.60 per month.

Flat rate haulage service, \$12.00 per year in advance.

The record further shows that applicant has operated the water system on a cash basis and was therefore unable to substantiate the estimates of operating revenue and expenses or the cost of the system at \$5,850 as set forth in the application herein.

In the report submitted at the hearing by the Commission's engineer, Mr. C. F. Norris, the estimated original cost of the water system as of February 15, 1943, is shown to be \$5,493; the corresponding depreciation annuity to be \$160 computed by the sinking fund method at 5 per cent, and the accrued depreciation to be \$666. The report also contains a detailed estimate of the normalized operating expense amounting to \$294 per annum, including allowance for depreciation. Annual revenue for the year 1942 was computed at \$144.42 under the present rates charged and at \$265 for the same period under the charges as proposed by applicant. The report of Mr. Norris was not contested by applicant.

It is clearly apparent that applicant is justified in asking for the proposed rates in order to meet actual expenses and to make some provision for normal depreciation, even though he does not expect any reasonable return on his investment under existing conditions. The area served and to be herein-after certificated is still in the development stage and an adequate return on invested capital is not presently possible.

In general, the charges for service proposed by applicant are fairly comparable to those of other waterworks operating under similar circumstances and conditions in this section of the State. The rates fixed in the following Order conform to applicant's proposed charges except for certain modifications necessary to clarify their application to the service to be rendered and to conform with duly established Railroad Commission practice. It is not expected that said rates will presently produce an adequate return, but will meet reasonable operating expenses including depreciation. Future results of operation should provide for a return on the capital invested when renewed building activity and relaxation of travel restrictions are expected to furnish opportunity for additional consumers to be served by the water system.

A majority of the customers on the system were present or were represented by members of their families at the hearing and although they participated and showed an active interest in the proceeding, no protest was made against granting the application herein. The evidence clearly shows that there is no other water supply now available in the proposed area of service or in the general vicinity thereof and that public convenience and necessity require and will require the operation of a public utility water system by Alfred W. Mondorf. It therefore appears to be in the public interest that the authority sought in the application herein be granted.

O R D E R

Application as entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require and will require the operation of a public utility water system by Alfred W. Mondorf in that fractional portion of Section 7 lying south of State Highway No. 138; the east one-half and also the S.E.  $\frac{1}{4}$  of S.E.  $\frac{1}{4}$  of S.W.  $\frac{1}{4}$  of Section 18, and the N.E.  $\frac{1}{4}$  of Section 19, all in Township 4 North, Range 7 West, S.B.B. & M., about five miles west of Phelan, San Bernardino County, California, comprising some 535 acres, as said area is delineated on a map filed as Exhibit No. 2 in this proceeding and which map is hereby made a part of this Order by reference.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Alfred W. Mondorf to operate a public utility for the sale and distribution of water within the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED that it is a condition of this Order that Alfred W. Mondorf shall never claim before this Commission or any other public body an amount for the certificate of public convenience and necessity granted herein in excess of the actual cost of acquiring it.

IT IS HEREBY FURTHER ORDERED that said Alfred W. Mondorf be and he is hereby authorized and directed to file in quadruplicate with this Commission, within thirty (30) days from the date of this Order, the following schedules of rates to be charged for all water service rendered to his consumers subsequent to the 30<sup>th</sup> day of June, 1943, which schedules of rates are hereby found to be just and reasonable for the service to be rendered:

RATE SCHEDULES

Schedule No. 1

GENERAL METERED SERVICE

Applicability:

Applicable to all domestic metered water service, except off-peak sales for storage and haulage service.

Territory:

Within unincorporated area being portions of Sections 7, 18 and 19, T. 4 N., R. 7 W., S.B.B. & M., about five miles west of Phelan, San Bernardino County, as delineated on the map included in the Tariff Schedules as Map No. 1.

Rates:

<u>Quantity Charge:</u>	<u>Per Meter Per Month</u>
First 500 cubic feet, or less . . . . .	\$1.00
Next 500 cubic feet, per 100 cubic feet . . . . .	.15
Next 1,000 cubic feet, per 100 cubic feet . . . . .	.10
Over 2,000 cubic feet, per 100 cubic feet . . . . .	.08

Minimum Charge:

For 5/8 x 3/4 inch meter. . . . . \$1.00

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

Schedule No. 2

OFF-PEAK STORAGE AND HAULAGE SERVICE

Applicability:

Applicable to all off-peak sales for storage purposes and to haulage service in customers' own containers.

Territory:

Within the general vicinity of that unincorporated area being portions of Sections 7, 18 and 19, T. 4 N., R. 7 W., S.B.B. & M., about five miles west of Phelan, San Bernardino County, as delineated on the map included in the Tariff Schedules as Map No. 1

Rates:Off-Peak Sales for Storage:

Off-peak deliveries will be made to the consumer's own storage facilities of not less than 5,000 gallons capacity where a metered service connection exists at the following quantity rates:

	<u>Per Month</u>
First 2,000 cubic feet, or less . . . . .	\$1.60
Over 2,000 cubic feet, per 100 cubic feet . . .	.08

Haulage Service:

\$12.00 per year payable in advance will entitle a customer to haul water in his own containers from a place provided for the purpose and to accumulate the quantities so hauled to 6,000 cubic feet at any time during the successive twelve months following date of payment, and to purchase any additional quantities in excess of 6,000 cubic feet at 15¢ per 100 cubic feet.

Special Conditions:

Deliveries to a consumer's own storage facilities on off-peak sales and to haulage service customers shall be regulated by the utility when necessary to insure the equal distribution of water to all users.

IT IS HEREBY FURTHER ORDERED that Alfred W. Mondorf be and he is hereby 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 his 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 authorized 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 thereon.
- (2) Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn of an indicated scale of not less than 600 feet to the inch, upon which shall be delineated correctly by appropriate markings the various tracts of land in the territory for which the certificate is granted herein. 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; provided, however, that such map 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.

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 25 day of June, 1943.

Francis R. Haberman  
J. J. Dattel  
Justin F. Cassen  
Richard L. Laska  
James O. O'Connell  
Commissioners