

ORIGINAL

Decision No. 36723

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MALIBU WATER COMPANY, a California
corporation, for authority to
Establish Metered Rates.

Application No. 24615.

Marvin Osburn, for Applicant.

Joseph R. Vaughan and Martin Blank,
for Dr. and Mrs. Irvin W. Alexander,
Albert J. Ashkar, Patrick G. Campbell,
Sanger W. Crumpacker, Jacob Dekker,
M. W. Downs, Ray Gannon, Walter L. Gunn,
and Joseph A. Shalhoub, Consumers.

Joseph P. Rinnert, for Mr. and Mrs. Robert
H. Clark, and Mr. and Mrs. Frank F. Lyons,
Consumers.

A. H. Shorr, for Malibu Improvement Corporation
and State War Council, Malibu District
Agricultural Committee, Interested Parties.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

In this proceeding Malibu Water Company, a corporation, asked the
Commission, among other things, to authorize the following rate for metered
irrigation service:

Water for irrigation purposes to be
served only in Malibu Canyon area
and then only from available supply
back of Malibu Dam, per acre foot.....\$40.00

After a public hearing the Commission rendered its Decision No. 36465,
dated June 29, 1943, authorizing, in part, the following schedule of rates to be
charged for all water delivered on and after the first day of July, 1943:

Schedule No. 3
IRRIGATION SERVICE

APPLICABILITY:

Applicable only in Malibu Canyon area and to such points as can be served by gravity from Malibu Creek Reservoir.

TERRITORY:

Within the territory of the service area of the Company and as restricted to Malibu Canyon area as stated immediately above.

RATES:

Monthly Minimum Charges:

5/8 x 3/4 inch meter.....	\$ 1.50
3/4 inch meter.....	1.75
1 inch meter.....	2.50
1 1/2 inch meter.....	4.00
2 inch meter.....	6.00
3 inch meter.....	15.00
4 inch meter.....	25.00

Monthly Quantity Rate:

Per 100 Cubic Feet..... \$0.06⁽¹⁾

On July 10, 1943, the Commission received a telegram from Malibu Water Company stating in effect that it is now necessary to pump all water for irrigation because the outlets in the dam have been completely obstructed since February and that it cannot pump water for irrigation on the basis of charges authorized in Schedule No. 3. The Commission was requested to amend its decision by adding a fourth schedule establishing a rate of nine cents per 100 cubic feet⁽²⁾ for all irrigation water requiring pumping. Accordingly, on July 27 the Commission ordered this proceeding to be reopened for further hearing for the purpose of determining whether Decision No. 36465 should be rescinded, altered, or amended, but only in so far as said decision establishes rates for irrigation service.

A further public hearing in this matter was held before Examiner William Stava at Malibu Beach, Los Angeles County.

Forest fires which occurred in the fall of 1942 in the watershed above the dam on Malibu Creek and heavy rains which fell in February of this year

Note: (1) Equivalent to a rate of \$26.14 per acre foot.
Note: (2) Equivalent to a rate of \$39.20 per acre foot.

combined to produce such an influx of debris that the storage capacity of the reservoir has been materially reduced and the outlets have been covered so deep that it would be exceedingly expensive to rehabilitate them to be able to utilize even the remaining storage. Considerable damage was also done to the 8-inch transmission pipe line from the dam to the irrigated lands. For these reasons it has been necessary for Applicant to spend several thousands of dollars in the construction of additional pumping facilities and the rearrangement of the distribution piping. However, practically all of that expense is chargeable to capital accounts, but as Applicant does not desire a return on the investment nor any depreciation allowance thereon, these expenditures need not be considered in the establishment of rates at the present time.

Applicant does not segregate its operation and maintenance expenses between irrigation service and domestic service, but its representatives testified that prior to 1943 it had been compelled to expend an average of at least \$1,500 per year in order to keep the dam outlets and the transmission line in proper repair and in working order. This expense will be eliminated as long as irrigation service is rendered from the wells instead of from the reservoir, which appears will be the method of operation for an indefinite time in the future.

Mr. Arthur Taylor, as engineer for Applicant, testified that the irrigable area formerly was considered to be approximately 175 acres, but since this year's flood some of the land has to be excluded, and he now considers 100 acres as the probable extent of the lands that can be watered. Of this area he estimated that an average of 50 acres would be irrigated annually. He also estimated that the average duty of water is 1-1/2 acre feet per acre per year, making the total estimated requirement of 75 acre feet of water for irrigation. An existing pumping plant, known as Twin Wells, is being reconstructed and a hydro-pneumatic tank installed in connection therewith, which plant is to be devoted exclusively to irrigation service. Another pumping plant, designated as Wells 1-2, will ordinarily be used for domestic service but it can be utilized to supplement water for irrigation purposes whenever necessary. Based on the assumption that the

hydro-pneumatic pumping plant will furnish all water for irrigation, the annual electric power bills are estimated to total \$1,260 for 90 acre feet of water at a rather low efficiency of 25 per cent. To this bare power cost Applicant's engineer stated that there should be added 20 to 30 per cent for extra labor, oil, repairs, replacements, automobile mileage and operation, and operator's time for supervisor, which would make the actual pumping costs total about \$1,575 or \$17.50 per acre foot of water for 90 acre feet. If this requirement is increased because of greater irrigated areas or larger duty of water, it is conceivable that higher efficiency will reduce the unit cost of water. Any other general costs such as billing charges, taxes and overhead items relate to the domestic water system as well as to the irrigation water system and should be the same, whether the irrigation water is pumped or delivered by gravity as heretofore. Therefore, the only tangible evidence produced by Applicant indicates that the cost of delivering pumped irrigation water will not exceed that of furnishing irrigation water by gravity, the rate for which has been established at 6 cents per 100 cubic feet, which is equivalent to \$26.14 per acre foot.

A majority of the irrigation consumers, including those irrigating the largest parcels, were represented at the hearing and entered strong protests against any increase in rates, testifying that the requested rate would make it impossible for the agricultural land owners in this area to compete successfully with those in other parts of Southern California. Two of the landowners testified that, based on experience with relatively high-priced crops grown in this area on lands leased with water included, even a rate of 6 cents per 100 cubic feet constitutes a serious threat to their agricultural activities. The evidence shows that any higher rate would inevitably result in causing many of these agriculturists to forego the planting of crops requiring irrigation, which would bring into operation the law of diminishing returns so that Applicant's revenues would actually decrease rather than increase. Moreover, it was contended that the production of these crops should be encouraged rather than discouraged to satisfy the critical demands of the next twelve months or more.

Nevertheless, Applicant has had to spend considerable money in order to serve its irrigation consumers with water from wells since the loss of the gravity supply. It has made a conscientious effort to provide this service without interruption and at pressures and volume comparable to the supply when rendered by gravity. Therefore, the Order which follows will establish the same rate for pumped irrigation water as for water for irrigation from the Malibu Creek Reservoir, the Commission being of the opinion that the rate will normally produce sufficient revenue to provide the estimated necessary maintenance and operating expenses, exclusive of depreciation, without jeopardizing the success of the agricultural operations dependent thereon.

Through the testimony of some of the consumers, it was shown that the application of the monthly minimum charges as set forth in Schedule No. 3 by the Commission's Decision No. 36465, creates a hardship on certain agriculturists having smaller acreages planted to crops which do not require irrigation more than two or three times a year. The payment of the monthly minimum charges by this class of irrigationists, during the months when no water is required, adds greatly to the cost of water purchased because of the large size of meter required. It is believed that this condition can be most easily corrected by providing that the minimum charges for irrigation service be placed on an annual basis and that said charges entitle the consumer to the quantity of water purchaseable at the quantity rate. The following Order will contain this provision in the rate schedule applying to irrigation service whether from the gravity or pumped source of supply.

SUPPLEMENTAL ORDER

The Commission having issued its order reopening the above entitled proceeding for the purpose of taking new and additional evidence pertaining to rates for irrigation service only, a public rehearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Malibu Water Company, a corporation, for water delivered to its consumers for irrigation

purposes in Malibu Canyon area in that part of Los Angeles County along the Pacific Ocean, commonly known as Rancho Topanga Malibu Sequit, 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 service rendered: and

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

IT IS HEREBY ORDERED that Schedule No. 3, pertaining to Irrigation Service, of the Commission's Decision No. 36465, dated June 29, 1943, be and it is hereby cancelled and annulled, effective as of July 1, 1943.

IT IS HEREBY FURTHER ORDERED that Malibu Water Company, a corporation, be and it is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this Supplemental Order, the following schedule of rates to be charged for all water delivered to its irrigation consumers on and after the first day of July, 1943:

Schedule No. 3
IRRIGATION SERVICE

APPLICABILITY:

Applicable only in Malibu Canyon area and to such points as can be served with gravity water from Malibu Creek Reservoir, or by pumping from wells in that area.

TERRITORY:

Within that portion of the service area of the Company, as restricted to Malibu Canyon area as stated immediately above.

RATES:

Quantity Charge:

Per 100 cubic feet.....\$0.06

Schedule No. 3 (Continued)

IRRIGATION SERVICE

RATES: (Continued)

<u>Minimum Charge:</u>	<u>Per Meter Per Year</u>
For 5/8 x 3/4 inch meter.....	\$18.00
For 3/4 inch meter.....	21.00
For 1 inch meter.....	30.00
For 1 1/2 inch meter.....	48.00
For 2 inch meter.....	72.00
For 3 inch meter.....	180.00
For 4 inch meter.....	300.00

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

SPECIAL CONDITIONS:

The Minimum Charge is an annual charge applicable to the calendar year and payable in advance. It may be paid in two equal installments, the first installment being due and payable on January first and the second installment on July first of each year.

IT IS HEREBY FURTHER ORDERED that for the year 1943, only one-half of the minimum annual charge as authorized under the foregoing Schedule No. 3 shall be collectable.

IT IS HEREBY FURTHER ORDERED that in all other respects said Decision No. 36465 shall remain in full force and effect.

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

Dated at San Francisco California, this 23rd day of November, 1943.

Francis P. Havenner
H. B. Ball
Justus J. Craven
Richard K. Kasper
Francis C. Elwyn
 COMMISSIONERS