

Decision No. 37870

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of the SOUTHERN CALIFORNIA WATER COMPANY to consolidate the operations of two districts into one district to be known as the "Calipatria-Niland District" and to place into effect therein a uniform schedule of rates.

Application No. 26598

O'Melveny & Myers, by Lauren M. Wright, for applicant.
W. F. Robertson; for Niland Chamber of Commerce.
Floyd C. Hull, a consumer.

BY THE COMMISSION:

O P I N I O N

Southern California Water Company, a corporation, engaged in the business of supplying water service to twenty-nine communities in the State of California, asks the Commission for authority to consolidate the operation of the water systems serving the unincorporated town of Niland and Calipatria, Imperial County, into one operative district to be known as "Calipatria-Niland District" and to make effective therein the rates now being charged in Calipatria.

The company has given the requisite notice to the Office of Price Administration of its application to the Commission for a rate adjustment.

A public hearing in this proceeding was held at Niland before Examiner Chiesa,

The water for the Niland system is purchased from the Imperial Irrigation District. It is received from the Imperial canal and passed through four settling basins where the water is treated for algae and the silt is removed. The clear water is transmitted through 6,800 feet of 8 and 10-inch pipe lines to the town-site where it is chlorinated and then distributed through 16,000 feet of mains

ranging from 4 to 1 inches in diameter. There are 107 consumers receiving service from this system, of which 103 are served on a flat rate basis and the remaining 4 at measured rates.

The flat rates at present in effect at Niland provide for a monthly charge of \$2.00 for a single residence, with an additional charge of \$1.00 for each single residence attached to the service. The measured rates provide for a monthly minimum charge of \$2.90 which entitles the users to 1,000 cubic feet of water and a reduction in charges with an increase in the quantity used.

The company's Calipatria system is located $8\frac{1}{2}$ miles northerly from Niland. This system also obtains water from the Imperial Irrigation District. The water is treated and settled in the same manner as at Niland. There are 283 consumers served at Calipatria, of which 275 are supplied at flat rates and the balance at measured rates.

The flat rates at Calipatria provide for a monthly charge of \$2.90 for a six-room residence or less, including one toilet, one bath, and water for irrigating one lot not exceeding 60 x 150 feet. Additional charges are made according to use of water and kind of premises served. The company asks to have these rates made effective at Niland, as the measured rates and operating conditions are the same, and the operation of the two systems is directed by one local superintendent.

The application was filed as a result of an informal complaint filed with the Commission on September 12, 1944. The complaint was signed by 66 customers of the Niland system, alleging insufficient water pressure for domestic, cooler use and fire protection. The company made an investigation of the distribution system, which showed that the 4-inch feeder lines had become badly fouled by tuberculation and caused the low pressure conditions. The company proposes, if the increased rate is authorized, to replace the feeder lines with 770 feet of 6 and 8-inch pipe lines made from materials that are not subject to tuberculation. The investigation also showed that the friction loss through the

chlorinator at the edge of the townsite caused a further five-pound pressure loss. The company proposes to redesign the station and move it to the settling basins. The total estimated cost of these improvements is \$5,100.

The company states that while the requested rate will not provide any return on the investment, still it will provide an additional \$1,100 annual revenue that will make it possible to install the proposed distribution facilities in Niland and thereby improve the service to its customers in that town.

The evidence shows that the book cost of the fixed capital installed in the Niland system, as of December 31, 1944, totaled \$44,286. The reserve for accrued depreciation was shown to be \$12,000, resulting in a net book cost of \$32,286. The operating revenues for the year 1944 were \$4,221. At the proposed Calipatria rates, the revenues were estimated to be \$5,450. The operating expenses during the same period were \$5,525, which included \$1,190 for depreciation, computed by the straight line method. The results of operation for the year by the application of the present or the proposed rate schedule, shows a loss for the Niland system.

The Calipatria system has a book cost of \$69,331, as of December 31, 1944. The accrued depreciation, as of the same date, is \$29,912, leaving a net book cost of \$39,419. The total 1944 revenues were \$12,953 and the operating expenses totaled \$12,313. This latter item includes an allowance of \$1,993 for depreciation, which was determined on a straight line basis. The result of 1944 operations of the Calipatria system shows a net revenue of \$280. When combined with the Niland system and applying the uniform rate to both properties, the 1944 operations still show a loss.

The Niland system lost the Southern Pacific Lines as a customer during January, 1944. The railroad company installed its own facilities for treating and delivering water for its own uses. Prior to the discontinuance of this service, the Niland system was a profitable one and enabled the company to furnish water to its domestic and commercial consumers at a lower rate than at Calipatria. However,

the company expects to promote some economy and efficiency by consolidating the two properties in so far as bookkeeping and accounting are concerned.

Representatives of the consumers objected to an increase in the rates, but they desired improved service and recognized the necessity of the company obtaining sufficient revenue to provide at least bare operating costs. They asked that the records of the two systems be kept separately in order that an examination into the reasonableness of the rates could be made in the future, if conditions justified such an action.

The evidence further shows that some of the flat rates being charged for service furnished in Calipatria were not filed with the Commission. These charges had apparently first been made, but not filed by the company's predecessor, Imperial Utilities Corporation. However, the charges have been continued in effect since 1929 when applicant acquired the system. The filed schedules also contained flat rate charges for services that are not now being supplied, such as water furnished for horses, stock, etc. The company asks to have the obsolete items removed from the schedules, but asks to include the charges being made but not shown on the filed tariff sheets.

It is apparent that the increased rates for the Niland system should be granted. The suggested changes in the Calipatria rate schedule will not result in any increases in charges to the consumers on that system, but will make it correspond to the charges now being made. The consolidation of the two systems into one operating unit will result in some economies and it appears to be in the public interest to grant the authority sought. However, in fairness to the consumers of both systems, the company will be expected to make the proposed additions to the Niland system and to keep its operation records in such a manner that it will enable the Commission to make a separate study of the reasonableness of the rates in either community.

ORDER

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 being fully advised in the premises;

IT IS HEREBY FOUND AS A FACT that the rates now charged by the Southern California Water Company, a corporation, for water supplied to its consumers in Niland, an unincorporated community, and Calipatria, an incorporated city, both in the County of Imperial, 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 the service rendered, and basing its Order upon the foregoing finding of fact and upon further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Southern California Water Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate, in conformity with this Commission's General Order No. 96, with the Railroad Commission, not less than ten (10) days prior to the effectiveness thereof, the following schedule of rates to be charged for all service rendered on and after the first day of June, 1945:

Schedule No. 1

Calipatria-Niland Tariff Area

GENERAL METERED SERVICE

Applicability:

Applicable to all domestic and commercial metered water service.

Territory:

Within territory in and adjacent to the incorporated City of Calipatria and the unincorporated Town of Niland, County of Imperial.

Schedule No. 1 - Continued

Rates:

Per Meter
Per Month

Quantity Charge:

First	1,000 cubic feet, or less	.....	\$2.90
Next	4,000 cubic feet, per 100 cubic feet	..	.20
Next	5,000 cubic feet, per 100 cubic feet	..	.15
Next	10,000 cubic feet, per 100 cubic feet	..	.12
Over	20,000 cubic feet, per 100 cubic feet	..	.10

Minimum Charge:

For	5/8-inch meter	.....	\$2.90
For	3/4-inch meter	.....	3.25
For	1-inch meter	.....	4.50
For	1 1/2-inch meter	.....	6.00
For	2-inch meter	.....	8.50
For	3-inch meter	.....	14.00
For	4-inch meter, or larger	.....	20.00

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

Special Conditions:

1. Meters may be installed at the option of either the consumer or the utility.

Schedule No. 2

Calipatria-Niland Tariff Area

FLAT RATE SERVICE

Applicability:

Applicable to all domestic and commercial flat rate water service.

Territory:

Within territory in and adjacent to the incorporated City of Calipatria and the unincorporated Town of Niland, County of Imperial.

Rates:

Tenement buildings, lodging houses or residences, six rooms or less, one toilet, one bath and water for irrigating one lot, not to exceed 60 x 150 feet in size	\$2.90
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Schedule No. 2 - Continued

Rates - continued:

Each additional single residence attached to the same service	\$1.15
Each additional room . . . . .	.10
Each additional bath, toilet or urinal . . . . .	.30
Small stores and shops	2.90
Hotel base rate	3.00
For each room having running water, or bath . . . . .	.30
For all other rooms . . . . .	.10
Hotel with dining room, in connection, an additional charge of	4.50
Restaurants and eating houses	4.50
Business blocks and floors not exceeding five offices	2.90
Each additional office . . . . .	.10
Stores, warehouses, butcher shops, confectionery shops, halls, billiard parlors, etc.	2.90
Drug stores and bakeries	2.90
Barber shop, one chair only	2.90
Each additional chair . . . . .	.30
Photograph galleries	3.00
Laundries	\$4.00 to \$10.00
Lumber yards	\$6.00 to \$10.00
Public baths, each tub	1.15
Each shower . . . . .	.60
Steam boilers or gas engines, per horse power . . . . .	.35
Soda fountain, in addition to base rate for stores, each	1.50
Cotton gins, for not more than 6-stand gin	5.75
For each additional gin . . . . .	.45
Service stations	3.50
Fire hydrants, each	1.50
Water for irrigation of lots, per 100 square feet . . . . .	.01

CONSTRUCTION

For each 1,000 bricks laid	\$0.25
Concrete sidewalks and floors, each 100 square feet construction work . . . . .	.25
Concrete curb, per lineal foot . . . . .	.25
For other purposes, per barrel of cement or lime . . . . .	.15
For other purposes, water used in settling streets, per 100 lineal feet	1.00

IT IS HEREBY FURTHER ORDERED that Southern California Water Company, coincident with the above filing and effective on the same date, cancel the following schedule of rates:

1. Monthly flat rate schedule filed May 3, 1928, by Imperial Utilities Corporation applicable to Calipatria and vicinity.
2. Metered rate schedule filed May 3, 1928, by Imperial Utilities Corporation applicable to Calipatria and vicinity.

- 3. Flat rate schedule filed in accordance with Decision No. 2681, issued August 9, 1915, applicable to Niland system.
- 4. Metered rate schedule filed in accordance with Decision No. 2681, issued August 9, 1915, applicable to Niland system.
- 5. Special rate schedule applicable to Niland School, Niland; California, filed October 19, 1937; by Southern California Water Company.

IT IS HEREBY FURTHER ORDERED that Southern California Water Company be and it is hereby authorized to consolidate the operations of the Niland system and the Calipatria system into one operating district to be known as the "Calipatria-Niland District."

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 20th day of May, 1945.

Harold C. Brown
Justice F. Crocker
Richard K. Kasha
George W. Clark
Samuel H. Lawrence
 Commissioners.