

Decision No. 39089

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
GEORGE P. HUMMEL and WALTER J. HUMMEL,  
d.b.a. ROSAMOND WATER COMPANY, for an  
order authorizing an increase in rates  
and permission to dissolve partnership.

Application No. 26239

Mr. George P. Hummel; for Applicant.

Mr. E. M. Clinton; for Consumers.

BY THE COMMISSION:

O P I N I O N

George P. Hummel and Walter J. Hummel, a copartnership, doing business as Rosamond Water Company, are engaged in the sale and distribution of water for domestic and commercial purposes in the unincorporated town of Rosamond, located in Kern County about twelve miles south of Mohave. In this proceeding applicants request authority to increase rates and ask for the establishment of a schedule of fire hydrant charges. The Commission also is asked to authorize Walter J. Hummel to transfer his interest in the copartnership to George P. Hummel for \$500.

The required notice of the filing of this application for a rate increase was duly given to the Office of Price Administration.

A public hearing was held in this proceeding before Examiner Stava at Rosamond.

The present rates of this utility were established by the Commission in its Decision No. 31914, dated April 11, 1939, and provide for a minimum monthly charge of \$2.00 with an allowance therefor of 2,000 cubic feet of water. All additional use is charged for at 10¢ per 100 cubic feet.

The water supply is pumped by an electrically-driven deep-well turbine from a drilled well 250 feet in depth. A 3,000-gallon steel pressure tank maintains a working pressure of approximately 45 pounds per square inch. The distribution system consists of 7,874 feet of steel pipe, varying from 3 to 6 inches in diameter. There are 10 four-inch stand pipes used for fire hydrants, 8 of which are equipped with wharf-type gate valves. Applicants now have on hand an additional pump and pressure tank ready for installation upon completion of a new well. This second unit is estimated to cost \$3,500.

D. L. Duncan, one of the Commission's engineers, submitted a report containing an appraisal of the water system, an analysis of its accounts and an operative study. In this report the fixed capital is estimated to be \$11,689, as of November 29, 1944, upon the basis of historical cost, to which should be added working capital and materials and supplies on hand amounting to \$439, giving the total capital account of \$12,128 for the purposes of this proceeding. The corresponding depreciation annuity amounted to \$217, based upon the sinking fund method at 5%. Analysis of the annual reports of the utility gave the gross revenues for the year 1944 at \$1,887, operating expenses including depreciation at \$2,096, leaving a deficit of \$209.

Mr. Hummel testified that the fixed capital as of December 31, 1944, amounted to \$8,195, determined by adding the net additions and betterments installed subsequent to 1939 to the purchase price of the utility which was \$3,500 at that time. Mr. Hummel testified further that for the year 1944 the operating revenues were \$1,887 and expenses \$2,096, including an annual depreciation charge of \$503 computed by the straight line method, purporting to indicate a net loss of \$209. Mr. Hummel claimed that during the period of six years last past, he has suffered an accumulative net loss of \$1,197.

Mr. Duncan, in his report, estimated that the normal operating expenses for the immediate future would amount to \$1,962, including a depreciation annuity of \$217 computed by the sinking fund method at 5%. This report shows further that

for the year 1944 the utility has suffered a net loss of 1% upon the rate base of \$12,128 and that under the rates requested by applicant there should be yielded a net return of slightly less than 6% upon the same rate base. It should be noted that no consideration has been given in any of the above estimates to increased capital investment and operating costs which will accrue upon the installation and operation of the new well and pumping unit. Under the circumstances it is apparent that the applicant is entitled to a readjustment of the existing schedule of rates.

No protest was made against the establishment of the schedule of rates proposed by applicant in this proceeding. Said schedule appearing fair and reasonable will be authorized therefore in the following Order, together with a charge for fire hydrant service.

According to the testimony, Walter J. Hummel, one of the copartners herein, for several years last past has taken no active part in the operations of this water works. His total contribution to capital therein amounts to \$500 and for this consideration he has agreed to sell his interests to George P. Hummel. Under the circumstances, the Commission will authorize the sale of the interests of said Walter J. Hummel as requested.

#### ORDER

Application as above entitled 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,

IT IS HEREBY FOUND AS A FACT that the rates now charged by George P. Hummel and Walter J. Hummel, operating a public utility water system under the fictitious firm name and style of Rosamond Water Company, supplying water for domestic, commercial and other purposes in the unincorporated town of Rosamond and in territory adjacent thereto in Kern County, are unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged for

the service rendered, and basing its Order upon the foregoing findings of fact and upon the statements of fact contained in the Opinion which precedes this Order, now, therefore,

IT IS HEREBY ORDERED as follows:

1. Walter J. Hummel be and he is hereby granted authority to sell, on or before September 30, 1945, all his interests and rights in and to said Rosamond Water Company to George P. Hummel, said authority to transfer being effective upon the date of this Order.
2. George P. Hummel shall file a written statement with this Commission, on or before September 30, 1945, showing the date the above transfer actually was consummated.
3. George P. Hummel shall file, in quadruplicate, with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to become effective for all water service rendered by him in and in the vicinity of the town of Rosamond, Kern County, on and after the 1st day of August, 1945:

Schedule No. 1

GENERAL METERED RATES

Applicability:

Applicable to all water service rendered on a metered basis.

Territory:

In and in the vicinity of the town of Rosamond, Kern County.

Rates:

Per Meter  
Per Month

Quantity Charges:

First 1,000 cubic feet, per 100 cubic feet . . . . .	\$0.25
Next 4,000 cubic feet, per 100 cubic feet . . . . .	.15
Over 5,000 cubic feet, per 100 cubic feet . . . . .	.10

Minimum Charges:

For 5/8 x 3/4 inch meter . . . . .	\$2.00
For 3/4 inch meter . . . . .	2.50
For 1 inch meter . . . . .	3.00
For 1 1/2 inch meter . . . . .	5.00
For 2 inch meter . . . . .	8.00

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

FIRE HYDRANT SERVICE

Applicability:

Applicable to all water service rendered for fire hydrant use.

Territory:

In and in the vicinity of the town of Rosamond, Kern County.

Rates:

Per Month

Hydrants on mains 6 inches in diameter, or larger . . . . .	\$2.00
Hydrants on mains 4 inches and less than 6 inches in diameter. . . . .	1.50
Hydrants on mains less than 4 inches in diameter. . . . .	1.00

Hydrants will be installed and maintained by the Company.

IT IS HEREBY FURTHER ORDERED that George P. Hummel be and he is hereby directed as follows:

1. Within thirty (30) days from the date of this Order to file with this Commission for its approval four 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 8 1/2 x 11 inches in size, delineating thereupon in distinctive markings the boundaries of his 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 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 territory presently served. 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 property 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 27<sup>th</sup> day  
of July, 1945.

David Rubin

Justin J. Casper

Thomas A. ...

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Commissioners.