

Decision No. 38449

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application
of JURUPA HEIGHTS WATER COMPANY
for Permission to Increase its
Rates.

Application No. 26883

Thomas L. Clay, for Applicant.

BY THE COMMISSION:

O P I N I O N

Jurupa Heights Water Company, a corporation, operates a public utility supplying water for domestic and small-farms use in the communities known as Sparrland Poultry Colony and Sparrland Units Nos. 2 to 6, located about six miles westerly of the City of Riverside, in Riverside County. In this proceeding the Company alleges that in Decision No. 22077, issued February 1, 1930, the Commission established a schedule of rates which among other things provided for the quantity rate of \$.08 for all water delivered in any one month in excess of 1,000 cubic feet per month; that thereafter, pursuant to the Company's voluntary request by letter dated April 15, 1930, the Commission authorized a reduction in the above quantity charge to \$.03 per hundred cubic feet, effective as of April 25, 1930. It is alleged in the application that under this above reduced rate the Company is suffering increasingly greater out-of-pocket losses each year and asks that the above 8-cent rate be restored in order that the Company may continue in business.

A public hearing in this matter was held before Examiner M. R. MacKall in Riverside.

According to evidence presented in this proceeding Jurupa Heights Water Company system was installed in the early twenties by W. S. Sparr to supply the

purchasers of small-farm parcels of land, ranging from one-half to two and a half and more acres, devoted mainly to poultry and rabbit raising. The service area is rolling in nature, the soil sandy and the consumers are widely scattered throughout the subdivided area. The Company books reflect a total fixed capital investment of \$118,534. On December 31, 1944, the Company furnished water to 137 consumers, all metered.

The evidence presented by Thomas L. Clay, counsel and president of the Company, and by Roy E. Sutherland, one of the Commission engineers, shows that under present operations the Company's revenues are less than the maintenance and operative expenses including depreciation.

Mr. Clay claims that during the period 1931 to 1934, inclusive, his Company has suffered an accumulated deficit amounting to \$19,880, and that for the five-year period ending December 31, 1944, this deficit amounted to \$4,784.

The report presented by Mr. Sutherland gave the analyzed and adjusted revenues for 1944 as \$3,498, and the operating expenses as \$3,206, exclusive of depreciation and of office costs and superintendence, which latter are provided without charge against the utility by Mr. Clay through his own private office. The testimony of the Commission's engineer indicates that computations based upon the use of the former rate of 8 cents per 100 cubic feet will not provide sufficient revenues to equal the costs of operation, including depreciation. Applicant has not requested and does not at this time ask for a rate which will yield a fair net return upon his investment. It appears therefore that this utility should be authorized to again place in effect its former charge of 8 cents per 100 cubic feet for all water used each month in excess of 1000 cubic feet.

A petition was presented on behalf of a large number of consumers protesting against the increase in rates upon the general charge that the present rates already are too high. In view of the evidence outlined above, it is clear that the present rate of 3 cents per 100 cubic feet is considerably below the mere production cost of water. If this utility is to continue to deliver water to consumers it must be granted a rate which will enable it to meet at least its bare out-of-pocket costs which is all that is requested at this time. Applicant has not even asked

for any return upon the fixed capital investment.

The testimony of consumer witnesses, however, indicates that their principal protests have arisen as a result of frequent interrupted service, and the shutting off of water in the mains for repairs, without giving sufficient notice to all consumers affected.

The record shows that during the past three or more years the main transmission lines from the wells to the reservoirs and to the cross-distribution feeder lines have become badly worn, needing constant repair of serious leaks and pipe ruptures. The testimony shows that certain of these transmission lines required complete replacement which was impossible during the period of war-time restriction on procurement of new pipe for this type of public utility service. During the past year and as soon as pipe and materials were available this Company has replaced practically all of the worn-out pipelines in the Sparrland section of the service area and has to date replaced all but a small amount of the leaky mains in the remaining parts of the system. This replacement, together with the repair of emergency main breaks, has necessarily caused much inconvenience through service interruptions, but in all fairness it should be fully realized that this Company has done much better than could be expected under the difficult circumstances. Mr. Clay has stated that the program of replacement, which has cost many thousands of dollars, will be completed by December first or perhaps sooner, depending upon the labor shortage.

The consumers residing in the areas where the new mains have been installed concede that former poor service and frequent shutting-off of water have now been eliminated and continuous service is now being provided upon a satisfactory basis.

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,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Jurupa Heights Water Company, a corporation, for water supplied to its customers in the communities known as Sparrland Poultry Colony and Sparrland Units Nos. 2 to 6, County of Riverside, are unjust and unreasonable insofar 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 Order upon the foregoing findings of fact and upon further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Jurupa Heights 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 Order, the following schedule of rates to be charged for all water delivered to its customers on and after December 1, 1945:

Schedule No. 1

GENERAL METERED SERVICE

Applicability:

Applicable to all domestic, commercial and irrigation water service.

Territory:

Within the tracts known as Sparrland Poultry Colony and Sparrland Units Nos. 2, 3, 4, 5 and 6, County of Riverside.

Rates:

<u>Quantity Charge:</u>	<u>Per Meter Per Month:</u>
First 600 cubic feet, or less.....	\$1.50
Next 400 cubic feet, per 100 cubic feet.....	.12
Over 1,000 cubic feet, per 100 cubic feet.....	.08

Minimum Charge:

For 5/8 inch meter.....	\$1.50
3/4 inch meter.....	2.00
1 inch meter.....	2.50
1 1/2 inch meter.....	4.50
2 inch meter.....	6.00
3 inch meter.....	12.00
4 inch meter.....	20.00
6 inch meter.....	35.00

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

IT IS HEREBY FURTHER ORDERED that Jurupa Heights Water Company, a corporation, be and it is hereby directed as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission for its approval four sets of rules and regulations governing relations with its 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 its present 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 the Order, to file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 600 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.

IT IS HEREBY FURTHER ORDERED that 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 27th day of November

1945-

Richard Anderson
Justin F. Casanova
Thomas W. Brown
Irving F. Luce
Harold P. Huls

COMMISSIONERS.