

Decision No. 32676

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of

CALIFORNIA WATER SERVICE
COMPANY, a corporation,

Application No. 27044.

for an order authorizing it to
increase rates charged to the
United States of America for
special service to Dibble General
Hospital.

McCutchen, Thomas, Matthew, Griffiths & Greene,
By Owen Jameson, for Applicant.

Major Richard B. Ott, Litigation Officer,
9th Service Command, for United States of America.

BY THE COMMISSION:

O P I N I O N

California Water Service Company, a corporation, is engaged in the public utility water business in several cities and towns in California and through its Bear Gulch System in the City of Menlo Park, in the County of San Mateo, supplies water under contract with the United States of America to Dibble General Hospital, located near said City. The Company in this application asks the Commission to increase the rate established in the above contract for water delivered to the Dibble General Hospital, where such water is purchased by the Company from the San Francisco Water Department through its Palo Alto Pipe Line.

A public hearing in this matter was held before Examiner MacKall at San Francisco.

The evidence shows that the Company furnishes water to Dibble General Hospital through two eight-inch water mains, one of which is connected directly with the San Francisco Water Department's Palo Alto Pipe Line and supplies the general service requirements of the Hospital and grounds, the other main provides standby service only at this time and is connected with and receives its water.

from the Company's Bear Gulch System: The Company pays the San Francisco Water Department at the Department's regularly effective rates for all water obtained from this source, which water is resold to the Hospital under the terms of a contract entered into with the Government under date of October 15, 1943, which provided for payment therefor under the regularly established rates effective throughout its Bear Gulch System.

On the thirteenth day of August, 1945, the Public Utilities Commission of the City and County of San Francisco established a new schedule of water rates, effective on the first day of September, 1945, increasing by approximately 18% the cost of water purchased from the municipal water system by all water consumers outside the corporate limits of said City and County, including the Applicant herein. The record shows that this increased cost of purchased water has seriously affected the Company's revenues in resale of such water to the Hospital to the end that since September 1, 1945, the Company must provide water to the Hospital at an out-of-pocket loss unless the consumption exceeds 930,000 cubic feet of water per month, and thereafter can realize but a small margin of profit for water used in excess thereof.

The evidence shows that the lowest monthly water consumption after Hospital operations were definitely established in November of 1943 was the meter reading period June 7 to July 8, 1944, amounting to 200,400 cubic feet. During the period May 1 to June 2, 1945, the use first reached and exceeded the 930,000 cubic foot demand and totalled 972,400 cubic feet. The month of maximum demand was August of 1945, total consumption being 1,620,900 cubic feet.

The Company in 1939 was required to pay the San Francisco Water Department \$56,000 for the right to receive two million gallons of water daily from the Palo Alto Pipe Line for which water it was further required to pay at the regular schedule of rates then and as thereafter in effect. In addition the Company also expended \$1,220 in the installation of the service main to the Hospital, a main which can be devoted to no other purpose.

In order to compensate for the increased cost of purchased water the

Company, in the instant proceeding, requests authority to charge the United States Government for all such purchased water furnished to Dibble General Hospital through the Palo Alto Pipe Line the sum of one and a half cents (5.015) per 100 cubic feet more than the actual rates paid for such water by the Company to the San Francisco Water Department, plus the monthly meter service charge which the Company also pays in addition to the quantity charge and for which service charge no water is received. The testimony and evidence presented indicates that upon the basis of this requested rate, the entire increased cost to the Government had such rate been charged during the period of twelve months commencing October 3, 1944, and ending October 1, 1945, would have amounted only to \$1,478.02.

No objection was made to the increased rate proposed by Applicant. The record herein shows clearly that the present contract rate for water served to the Hospital is now unjust and unreasonable, and has been unjust and unreasonable since the effective date of the new schedule of rates now charged by the San Francisco Water Department. It appears furthermore that the rate proposed by the Company is fair and proper under the circumstances and will therefore be authorized in the Order which follows this Opinion.

Authorization of this increased charge will not violate any of the terms and provisions of Contract No. W-04-381-E-(SC IX)-3, entered into by and between the United States of America and said Company for water service to Dibble General Hospital. Provision for such contingency is made therein in Paragraph 17, as follows:

"CHANGE OF RATES: --If during the life of this contract the State Commission having jurisdiction receives for file in authorized manner rates that are higher or rates that are lower than those stipulated herein for like conditions or service, the contractor hereby agrees to continue to furnish water as stipulated in this contract, and the United States hereby agrees to pay for such water at the higher or lower rates from and after the date when such rates are made effective."

It should be pointed out at this time that the charges for water service furnished to the Hospital for standby or other purposes through the eight-inch main

connected to the Water Company's Bear Gulch System on Middlefield Road, is not affected by the new rate requested herein. Service from this source is not a special service but is from the Company's regular Bear Gulch water supply and distribution system and will continue to be billed under the regular schedule of rates effective throughout this system.

O R D E R

Application as entitled above having been filed with the Railroad Commission; public hearings 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 California Water Service Company for water supplied to the United States of America for the use of Dibble General Hospital, located near the City of Menlo Park, in the County of San Mateo, are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are reasonable and just 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, now, therefore,

IT IS HEREBY ORDERED that California Water Service Company is hereby authorized to charge the United States of America for all water purchased by said California Water Service Company from the San Francisco Water Department's Palo Alto Pipe Line and delivered to Dibble General Hospital in or near the City of Menlo Park, County of San Mateo, under contract No. W-04-381-E (SC IX)-3, the sum of one and a half cents (\$.015) per hundred cubic feet in excess of the rates charged California Water Service Company by the San Francisco Water Department for such water so purchased for resale, plus a monthly service charge equal to the service charge paid by said Company for the service connection or connections to the said Palo Alto Pipe Line, effective as of the date of this Order.

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 13th day of February 1946.

Edward Anderson

Francis Davis

Irving F. Russell

Harold H. ...

COMMISSIONERS