

Decision No. **38871**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of
C. B. GILES, operating as the
SOUTH DOS PALOS WATER WORKS, for
authority to increase rates.

Application No. 26699.

ORIGINAL

Mr. C. B. Giles, for Applicant.

Mr. J. L. Grimm, for Consumers.

BY THE COMMISSION:

O P I N I O N

C. B. Giles operates a public utility under the fictitious firm name of South Dos Palos Water Works in the unincorporated town of South Dos Palos in Merced County. In the application it is alleged that the present rates do not produce sufficient revenue to meet operating expenses, that the system is badly run down and in need of extensive improvements before a more dependable service can be supplied, and for this reason applicant desires an increase in rates in order to receive a fair return upon his investment so that he can be in a position to raise funds for rehabilitation of the system.

The required notice of the filing of this application for an increase in rates was duly given the Office of Price Administration, which acknowledged receipt thereof.

A public hearing was held in this proceeding at South Dos Palos before Examiner Stava.

At the hearing Mr. Giles asked the Commission to authorize an amendment to his application to include a request for the establishment of meter rates and fire hydrant rates.

The water supply for this system is purchased from The San Joaquin Canal Company at its Helm Canal and is transmitted through two miles of ditch, to an open gravel filter bed, and a covered concrete sump located at South Dos Palos. The water is then pumped into the distribution mains under control of a 1200-gallon pressure tank. There are 8,370 feet of mains in the system, varying from 1 to 4 inches in diameter and 62 consumers, all served at flat rates.

The existing schedule of rates was established by the Board of Supervisors of Merced County, prior to the enactment of the Public Utilities Act, and provides for various flat rate charges from \$1.50 to \$3.00 per month.

According to the testimony, Mr. Giles acquired this waterworks in 1944 and since that date has replaced approximately 75% of the distribution system with new and larger mains. He has installed a pressure tank which now provides a minimum working pressure of 35 pounds at the tankhouse, although working pressures at the outskirts of the town are still unsatisfactory during periods of peak demand.

Testimony presented by the owner of this waterworks and by Mr. D.L. Duncan, one of the Commission's engineers, shows that as of December 31, 1945, there was invested in the system \$7,010. Under the present rates the operation for the year 1945 resulted in a net operating revenue of \$215. However, application of the rates as proposed by applicant would result in a net return of 8.77% over and above the reasonable costs of operation, including depreciation. It is clear that in order to insure adequate service to his consumers applicant is entitled to increased revenues over the yield of the rates now in effect. However, the rate structure proposed does not equitably spread the charges among the consumers in accordance with the use of water nor provide proper charges for such auxiliary purposes as irrigation for vegetable gardens, lawns and shrubbery. Under the circumstances a new schedule of rates will be designed and authorized which will provide more fairly and completely for the various classes of demand now occurring on this system and will also produce a fair and proper net return.

No objection was made by any of the consumers to a reasonable increase in rates. However, the testimony generally was to the effect that the present quality

of the water was so bad that the majority of the consumers cannot use it for cooking and drinking purposes, but are forced to obtain water for drinking and cooking from the Southern Pacific's water tank car which is maintained by the railroad company at Dos Palos for the use of its employees. Suitable well water cannot be obtained in this area. The only available source of potable water is the agricultural irrigation system of the San Joaquin Canal Company. A good water can be obtained from this company but first requires careful treatment by filtration and chlorination before being safe and suitable for domestic consumption. The existing treatment methods of the South Dos Palos Water Works are wholly inadequate. However, applicant proposes to install an improved and reliable filtration and a chlorination plant, which he will be in a better position to finance with assurance of a fair and adequate rate of return under a new schedule of rates.

Testimony of certain of the consumers indicated that because of the small-sized mains there has never been sufficient and at times no water available during the summer months in the outlying areas of the town. Mrs. Ceccarelli testified that she was forced to do all of her clothes washing early in the morning in order to obtain sufficient water and that because of the highly discolored water, caused by rust in the pipes, clothes have been seriously damaged by iron oxide stains. This condition will be remedied by the installation of larger mains to replace the remaining small-sized pipes and by a program of monthly flushing the entire distribution system, which applicant will have to put into effect until the water mains have been cleaned out.

It appears that in the past because this utility had no established rate for the irrigation of vegetable gardens, lawns and shrubbery, extravagant and wasteful use of water by certain of the consumers has become a general practice, resulting in continual service interruptions and complete failure of water supply in many sections of the town. The installation of meters will materially assist in reducing the deliberate and careless waste of water for garden and similar uses and it is recommended that meters be installed on the premises of all consumers using unnecessary and excessive amounts of water as well as the regular consumers

who use more than the average demand. In this way the users of large quantities of water will pay their fair proportion of the cost burden and at the same time will insure the other consumers a supply of water when most critically needed.

In connection with the request for establishment of a rate for fire hydrants, the evidence shows that there is at present no local fire department or fire district in this area. However, the residents of this community and certain adjacent and adjoining territory are now endeavoring to form a fire district which will provide a means for obtaining funds for fire protection purposes. Preliminary steps have already been taken in negotiations for the solution of this problem and for this reason a rate for fire hydrant service will be established in the following Order.

O R D E R

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 C. B. Giles, doing business as South Dos Palos Water Works, for water supplied to his customers in the unincorporated town of South Dos Palos, Merced County, 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 Order upon the foregoing findings of fact and upon the statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that C. B. Giles, doing business as South Dos Palos Water Works, be and he is hereby authorized and directed to file in quadruplicate, with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water service rendered his customers on and after the first day of May, 1946:

Schedule No. 1

GENERAL MONTHLY FLAT RATE SERVICE

Applicability:

Applicable to service of water for business establishments, general residential use and for irrigation of lawns, shrubs and gardens.

Territory:

In and in the vicinity of the townsite of South Dos Palos, Merced County.

Rates:

- 1. For one dwelling, house or other single residential unit of 5 rooms, or less, together with bathroom, toilet, and necessary quantities of water to irrigate not over 1500 square feet of lawns, gardens, shrubbery and trees..... \$2.25
- 2. For each additional dwelling unit of five rooms, or less, together with bathroom and toilet, taking service through same connection..... 1.25
- 3. For each additional room over five in any dwelling unit..... .10
- 4. For irrigation of lawns, gardens, shrubbery and trees in excess of the 1500 square feet, included in the dwelling rate, payable six months of the year, May to October, both inclusive, per 100 square feet..... .06
- 5. Stores, shops, cafes, restaurants, cocktail bars, lunch rooms, ice cream parlors, according to use of water..... \$2.25 to 4.00
- 6. Auto courts, service stations, stores, hotels, packing sheds, and other uses not otherwise classified or difficult to estimate the water use, to be charged for service at meter rates.

Schedule No. 2

GENERAL MONTHLY METERED SERVICE

Applicability:

Applicable to all domestic and commercial water service at option of either the customer or the utility.

Territory:

In and in the vicinity of the townsite of South Dos Palos, Merced County.

Schedule No. 2 - Continued

GENERAL MONTHLY METERED SERVICE

Rates:

Quantity Charge:

	<u>Per Meter Per Month</u>
First 1,000 cubic feet or less.....	\$2.25
Next 2,500 cubic feet, per 100 cubic feet.....	.20
Next 6,500 cubic feet, per 100 cubic feet.....	.18
Over 10,000 cubic feet, per 100 cubic feet.....	.15

Minimum Charge:

For 5/8 x 3/4 inch meter.....	\$2.25
For 3/4 inch meter.....	2.75
For 1 inch meter.....	3.25
For 1 1/2 inch meter.....	4.50
For 2 inch meter.....	6.00

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

Schedule No. 3

FIRE PROTECTION SERVICE

Applicability:

Applicable to all water service rendered for fire hydrant use.

Territory:

In and in the vicinity of the town of South Dos Palos, Merced County.

Rates:

	<u>Per Month</u>
Fire Hydrants on mains 4 inches or more in diameter,....	\$1.50
Fire Hydrants on mains less than 4 inches in diameter,..	1.25

Hydrants will be installed and maintained by the owners of the water system.

IT IS HEREBY FURTHER ORDERED that C. B. Giles, doing business as South Dos Palos Water Works, 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 the present service area, and the

location thereof with reference to the immediate 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 or not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the territory presently served. This map shall 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 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 Los Angeles, California, this 16th day of April,

1946.

David Anderson
Justin J. Casner
F. W. ...

Harold P. Kula
 COMMISSIONERS.