

Decision No. 40060

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of Yucaipa Domestic Water Company, a California Corporation, for order authorizing the increase of rates for water furnished to customers through the company's meters.

ORIGINAL

Application No. 27921

Thomas A. Chapman, for Applicant.

O P I N I O N

Yucaipa Domestic Water Company, engaged in the business of supplying water for domestic purposes in the unincorporated town of Yucaipa, in San Bernardino County, asks the Commission to establish a new and increased schedule of rates.

A public hearing was held before Examiner M. R. MacKall at Yucaipa.

The service area of this utility covers the townsite of Yucaipa, embracing approximately 168 acres of subdivided land. This water company was organized in 1912 by Redlands Land & Water Co. to serve domestic water throughout the townsite.

The water supply is obtained from Yucaipa Water Company No. 1, a mutual water company formed in 1912 by Dike & Company to distribute water to its stockholders, being owners of property to a large part devoted to agricultural purposes, surrounding the town of Yucaipa. The mutual company obtains its water from various tunnels and wells in the vicinity. The domestic company owns 101 shares of stock of Yucaipa Water Company No. 1. Each share of this stock entitles the holder to delivery of five miner's inch-days of water at intervals of 21 days.

Applicant's distribution system contains 20,000 lineal feet of pipe lines varying from one inch to six inches in diameter. An average of 275 consumers, all metered, were served in 1946.

The present rates provide for a minimum monthly charge of \$1.50 for the first 1,000 cubic feet or less; all water used in excess of 1,000 cubic feet is reduced to five cents per 100 cubic feet. In this proceeding the company asks for a minimum monthly charge of \$2.00 for the first 1,000 cubic feet or less, and six cents per 100 cubic feet for all water in excess of 1,000 cubic feet.

Protests against the granting of the increased rates were made by several consumers, on the grounds that the pressures are too low at times, that frequently the water is muddy, and often no water is delivered for periods up to several hours in duration. In the case of one consumer raising rabbits and poultry on a large scale, these service interruptions caused large and substantial losses, especially of rabbits during hot spells in the summer months.

Most of the company's mains were installed in 1912. The evidence clearly shows that the service interruptions are caused by tilting in the mains and by serving too many customers from small mains of two inches in diameter and less.

The report presented by Mr. Roy E. Sutherland, one of the Commission's engineers, gave the estimated original cost of tangible fixed capital to be \$21,602, as of October 31, 1946, which sum included \$1,020 for working cash and materials and supplies.

The operating expenses from the company's books were \$7,136. The evidence, however, shows that there had been improperly allocated to operating accounts considerable sums of money expended for main replacements and for new service connections and meters, which are chargeable only to fixed capital. On the other hand the testimony indicates that the utility is now faced with very substantial increased costs. In April of 1946 the cost of purchased water was increased from 30 cents per miner's inch hour to 40 cents. Assessments on stock formerly \$5 to \$6 annually per share have been increased to \$18. The master meter recording water purchased by applicant was found to have been seriously under-registering and has now been replaced by a new meter, resulting in a considerable increase in the quantities of water now billed to the utility by the mutual company. The higher taxes together

with the above increases largely counter-balance the capital charges carried in operating expenses, but result, however, in an annual expense under present conditions of \$6,100, including depreciation. With present rates yielding a gross annual revenue of \$6,482, the net return of \$382 provides a yield of less than 2% on the investment in tangible capital only. It is clear that some readjustment in rates is in order.

The record shows that this utility reasonably should be entitled to additional revenues to the extent of about \$2,200. The yield of the rates proposed by applicant should closely approximate this amount when due consideration is given the present trend of new service applications. However, the lack of proper water pressures and the inadequate water deliveries now existing in large portions of the service area must be improved to the standard that satisfactory service is assured. The newly established schedule of rates is just and reasonable only provided the service is properly improved. The principal stockholder in applicant corporation accordingly will be expected to take immediate steps to replace all mains less than two inches in diameter in those sections of the system where more than three consumers are served from any such pipe lines. This replacement should be completed before the first of July of this year. The water users were agreeable to the increase only if the improvement in the service resulted in dependable water service, especially during the summer and fall months.

The existing rules and regulations of this utility are now obsolete and do not fairly and uniformly cover existing conditions; said rules and regulations contain provisions no longer considered proper practice by this Commission. In view of these circumstances applicant will be required to file a revised set of rules and regulations for the consideration of the Commission.

ORDER

Application as entitled above having been filed with the Public Utilities Commission of the State of California, 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 Yucaipa Domestic Water Company, a corporation, for water supplied its customers in the town of Yucaipa, San Bernardino County, California, 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 further statements in the opinion which precedes this order,

IT IS HEREBY ORDERED that applicant

1. May file in quadruplicate, in conformity with General Order No.96, within thirty (30) days from the date hereof the rates shown in Exhibit A of this order, to be charged for all water service rendered its customers in Yucaipa, San Bernardino County, to become effective on and after the first day of April, 1947.
2. Shall, within one hundred twenty (120) days from date of this order, submit to this Commission for its approval four sets of rules and regulations governing relations with its consumers. Each set shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8½ 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 immediate surrounding territory; provided, however, that such map or sketch shall not be considered by this Commission or any other public body as a final or conclusive determination or establishment of dedicated area of service, or any portion thereof.
3. Shall, within one hundred twenty (120) days from date of this order, 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 utility's entire 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.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco California, this 17th day of March

1947.

Harold A. Sula
Justin F. Cassel
Walter H. Russell
R. F. Johnson
Francis H. Patton
 Commissioners.

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICE

Applicability:

Applicable to all metered domestic water service:

Territory:

Within the town of Yucaipa, San Bernardino County, California.

Quantity Rates:

Monthly

First 1,000 cubic feet or less.....	\$2.00
All over 1,000 cubic feet, per 100 cubic feet.....	.06

Minimum Monthly Charges:

Per Meter
Per Month

For 5/8 and 3/4-inch meters.....	\$2.00
For 1-inch meters.....	3.00
For 1 1/2-inch meters.....	5.00
For 2-inch meters.....	8.00

Each of the foregoing "Minimum Monthly Charges" will entitle the consumer to the quantity of water which that minimum monthly charge will purchase at the "Monthly Quantity Rates."