

Decision No. 40161

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Ernest Goodman, Walter H. Rhodes,
 E. R. Kinkade, G. W. Falmer, Ted E.
 Dorey, Mrs. Charles Cole, Mrs. George
 Barberena, Hollis Jackson, Clyde E.
 Barber, H. E. Wadman, Lavern Cordy,
 Virgil B. Parker, O.W. Semar, James W.
 Hatcher, Iva Casida, Sam Lane,
 Carl W. Smith, Betty Lingo, Lyndall
 Walston, T. A. George, J.F. Rose,
 V. C. Hatley, John Sargent, H. E.
 Nanny and Lewis G. Howell,

Complainants,

Vs

Lost Hills Water Company,

Defendant.

ORIGINAL

Case No. 4857

William R. Hulsey, for Complainants.

Faries and McDowell, by McIntyre Faries,
for Lost Hills Water Company.

OPINION

Ernest Goodman together with 24 other water customers filed a formal complaint against the Lost Hills Water Company, alleging that the rates charged for water service are so excessive and unreasonable that none of the consumers are able to purchase water in sufficient quantities to irrigate lawns, shrubbery, and other vegetation, nor can they afford to pay for the water for use in showers, baths, toilets, and other modern plumbing facilities. Complainants further allege that the company is inefficient and wasteful in its water operations which unnecessarily increases the cost of water distribution.

Defendant entered a general denial of the allegations of the complaint and asked that the matter be dismissed.

A public hearing in this matter was held before Examiner M. R. MacFall in Lost Hills.

The Lost Hills water system originally was installed about 1909 by the Universal Oil Company for the purpose of providing water for drilling and the production of oil. As the territory developed, water was sold to other oil companies in the vicinity, and to residential customers in the Lost Hills area. Thereafter, the Universal Oil Company organized a separate corporation, the Lost Hills Water Company which was given all water properties and continued the production and distribution of water as a public utility. Decision No.10787, dated July 27, 1922, authorized the Oil Company to transfer and assign its water properties to Lost Hills Water Company for \$100,500 and for the Lost Hills Water Company to issue 1,005 shares of common stock at \$100 per share. Universal Oil Company, now known as Universal Consolidated Oil Company, owns 1,000 of the 1,005 shares of stock of this utility.

The water supply for this system is obtained from two wells located in the $W\frac{1}{2}$ of the $SW\frac{1}{4}$ of the $SW\frac{1}{4}$ of Section 33, T. 26 S., R. 23 E., M.D.B. & M., ten miles due east of the community of Lost Hills. One well is eight inches in diameter and 535 feet deep, the other is 14 inches in diameter and 580 feet deep. The water level in the wells now stands at 65 feet below the ground surface. Originally the water in the older well was flowing from artesian pressure.

Water from the wells is pumped into a 2,000-barrel steel tank by two electrically-driven deep-well turbine pumps. From the tank two electrically-driven single-acting power pumps boost the water under pressures ranging from 100 to 150 pounds through about thirteen miles of 8-inch steel transmission pipe into two tanks of 55,000 and 3,000-barrel capacity, located on Universal Consolidated Oil Company property in the $SW\frac{1}{4}$ of Section 32, T. 26 S., R. 21 E., M.D.B. & M., at a point known as the Shipping Plant. Water for domestic use in the Town of Lost Hills is obtained from the transmission main at a point ten miles west of the wells and three miles east of the Shipping Plant and is distributed to the customers in Lost Hills through approximately 7,200 feet of pipe varying from four to three-fourths inches in diameter.

From the Shipping Plant, water for industrial use is distributed through approximately 118,000 feet of three-inch, four-inch, and six-inch mains by means of steam-driven booster pumps operating under pressures of 240 to 500 pounds per square inch. There were 76 domestic and 24 industrial customers served by this system as of December 31, 1946. The industrial load is almost entirely water furnished for oil-well drilling and oil production.

The present schedule of rates was filed May 26, 1938, and provides for a monthly minimum charge of \$1 per connection, with an allowance of ten barrels or 420 gallons of water. All services are metered and the rate is ten cents per barrel for the first 500 barrels, five cents per barrel for the next 4,500 barrels, four cents per barrel for the next 10,000 barrels, and 3½ cents per barrel for quantities over 15,000 barrels.

Mr. Goodman, an oilworker and resident of Lost Hills, testifying in behalf of the complainants, stated that the water users in the Town of Lost Hills could not grow lawns, gardens or otherwise beautify their premises, nor could they install modern plumbing facilities in their homes, because they could not afford to pay for the amount of water required under the present rates.

Officials of Lost Hills Water Company denied these charges stating that water was being delivered for domestic use at a considerable loss under the present rates. However, Mr. R. E. Sterns, President of Lost Hills Water Company, and Vice President of Universal Consolidated Oil Company, stated that in view of the fact that most of the domestic consumers were oilworkers that his Company was willing to reduce the cost of water to this class of user by cutting the rate affecting domestic service in half. The proposal provided for a monthly minimum charge of \$1.50 per month and a reduction of the first block rate of 10 cents per barrel to 5 cents. This proposal was accepted by complainants as satisfying their complaint. From a practical standpoint, the increase in the monthly minimum charge from \$1.00 to \$1.50 was immaterial. Except for a possible five consumers, the monthly minimum bills of all consumers in the summer time exceeded the \$1.50 charge. The agreement on the new rate further provided that such rate should be

limited to deliveries of water from the transmission line from the well to the Shipping Plant and not cover any domestic service, if any should be rendered, after the water is boosted at said plant. Furthermore, this reduced rate is to be confined to the domestic service as so defined, the rate for industrial water deliveries being considered in a separate and distinct class and to remain as at present.

In view of the acceptance of the proposal of Mr. Sterns and the acceptance thereof by complainants, the cause of complaint herein may be considered fully satisfied. Defendant, accordingly, therefore, will be directed to file the following schedule of rates:

ORDER

Complaint as entitled above having been filed with this Commission, a public hearing having been held thereon, and the matter of the complaint having been satisfied by Lost Hills Water Company's offer to reduce the rates to these domestic customers,

IT IS HEREBY ORDERED that Lost Hills Water Company, a corporation, be and it is hereby authorized and directed to file the following schedule of rates for domestic service rendered in the Town of Lost Hills in quadruplicate, in conformity with this Commission's General Order No. 96, within ten (10) days from the date of this Order:

DOMESTIC METER RATE

APPLICABILITY

Applicable to all domestic water service furnished from the main transmission line before it is boosted by pumps located at the Shipping Plant.

TERRITORY

In and in the vicinity of the unincorporated town of Lost Hills, Kern County.

RATES

Minimum Monthly Charge:

For 3/4" Meters.....\$1.50

The foregoing "Minimum Monthly Charge" will entitle the consumer to the quantity of water which that minimum monthly charge will purchase at the following "Monthly Quantity Rates:"

Monthly Quantity Rates:

Charge
Per Barrel

First	5,000 barrels	\$0.05
Next	10,000 barrels.....	.04
	All over 15,000 barrels.....	.035

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

Dated at San Francisco California, this 15th day of April, 1947.

Harold P. Hills
Justus J. Coe
Justus J. Coe
R. J. ...
...
 Commissioners.