

ORIGINAL

Decision No. 41916

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
WEST RIVERSIDE CANAL COMPANY,
a corporation, for authority to increase
rates for carrying water.

Application No. 28395

C. L. McFarland, for Applicant.

Chas. A. Ray and Harry Myers, for
Jurupa Water Company, Protestant.

O P I N I O N

This opinion and order supplements the Decision No. 41106 rendered on January 6, 1948, in which, by interim order, the Commission authorized applicant to establish a new schedule of increased rates. As was pointed out in that decision, the water users agreed that the applicant was in urgent need of increased rates. However, a contention was advanced by Jurupa Water Company that there should be a modification of the present rate structure to accord it a preferential rate. Accordingly, it was understood that a further hearing would be had to consider the question thus raised. A further hearing was had at Riverside on April 16, 1948, before Examiner MacKall.

A general description of the water service rendered by West Riverside Canal Company is contained in Decision 41106. Reference should be made also to the Commission's original Decision No. 4040 rendered in 1917 (12 C.R.C. 339) in which West Riverside Canal Company was authorized to operate as a public utility water corporation. The purpose for the organization of this utility was to afford certain mutual water companies, and other persons possessing private sources of water supply, the right to use the system of canals acquired by West Riverside Canal Company for the transportation and delivery of the

water in the quantities to which they respectively were entitled. Most of the water users, but not all, became stockholders in the public utility. It was the original agreement and it has been the practice that the charges made by the utility for the use of the canal would be uniform for the stockholders and non-stockholders alike. The rates applied have always been stated as annual charges per miner's inch use and have been based upon the water use entitlements of each utility customer.

The Jurupa Water Company is one of several users of the utility canal system. It is one of several mutual water companies receiving the services of the utility company. It contends that because it receives water in bulk delivery into a sump from which it itself pumps and delivers the water to its own customers through a separate distribution system of canals and ditches, it is entitled to a wholesale rate lower than that applied to most of the other patrons of the utility. This contention was disputed by the applicant utility and is not concurred in by any of its other patrons.

The Commission has carefully considered the proposal of the Jurupa Water Company that the present flat rate schedule be changed to provide for the application of various rates based upon the actual cost of serving each customer or group of customers, and it is our conclusion that such a change in the rate structure is not justified by any facts placed in the record in this proceeding. The Jurupa Water Company contended that the labor costs involved in the distribution of water to other users exceeded that incurred in the delivery of its water. It is evident, however, that should the Commission undertake to make any differentiation between the rates charged to one customer and another, it would have to have before it sufficient evidence to permit findings of the actual cost of service to each customer. Such a cost of service study would require the allocation of many charges other than direct labor costs, including such items as taxes, depreciation, and capital charges. The evidence before us indicates that if a

fair allocation could be made of all such operating costs, it is doubtful that the Jurupa Water Company would be entitled to any lesser charge than other users of the Canal System.

All parties represented at the adjourned hearing on this rate application, including the Jurupa Water Company, expressed the opinion that the additional revenue afforded by the rate increase granted by interim order contained in Decision 41106, would be insufficient to meet all the increased expenses of operation incurred by the applicant utility and that a further increase of rates appeared justified. However, as the applicant has not sought authority to establish rates above those set forth in that decision, the only action which the Commission appropriately may take in this proceeding is to confirm the rates therein authorized on an interim basis.

O R D E R

Application as amended and as entitled above having been filed with the Public Utilities Commission of the State of California for authority to increase rates for water service, an adjourned public hearing having been held thereon for the purpose of receiving additional evidence and testimony bearing on a protest filed by Jurupa Water Company, the matter having been duly submitted and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that the schedule of rates established by this Commission in its Interim Order in Decision No. 41106, issued the 6th day of January, 1948, to be charged by West Riverside Canal Company be and it is hereby affirmed and made the permanent order of this Commission.

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

Dated at San Francisco, California, this 3rd day of

August, 1948.

R. J. Indravage
Joseph K. Hill
Harold P. Hills
Thomson K. Patten
 Commissioners.