

Decision No. 42197

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
J. E. Shope, owner of the Yermo Water  
Co. for authorization to raise the  
water rates, and ask for rules and  
regulations for the water Co., to  
operate under.

**ORIGINAL**

Application No. 29262

J. E. Shope, for applicant;  
Guy S. Alexander, interested party.

O P I N I O N

In this proceeding J. E. Shope, owner of the Yermo Water Company, engaged in the business of operating a water system and furnishing water service to a part of the town of Yermo, San Bernardino County, seeks authority to increase rates.

A public hearing was held at Barstow before Examiner Thompson at which time evidence was adduced and the matters submitted.

In 1928, Tracts Nos. 2192 and 2459 at Yermo were subdivided by Thomas O. Williams who owned and operated the Calico Guest Ranch adjacent to the subdivisions. As a part of this land development, a water system was installed and service was rendered to consumers of said tracts. Water was obtained from a well situated on the Calico Ranch. In 1938, a well was drilled on Lot 21 of Tract No. 2192. The two wells are now inter-connected for reciprocal water supply standby.

In September, 1947, J. E. Shope purchased the water system from Mrs. Delila M. Gibson, formerly Mrs. Delila M. Williams, and took possession thereof and has operated said system since that time. Domestic water is furnished in Tracts Nos. 2459 and 2192 which contain 105 and 48 lots, respectively. The majority of the lots are 60

feet by 140 feet. Nine lots contain from one to three acres each. With the exception of several business establishments along Highway No. 91, the community is entirely residential. Thirty-five consumers are presently being served.

There are 6,000 feet of distribution main ranging from four inches to 1-1/2 inches in diameter. The main source of water is from a ten-inch cased well, 167 feet in depth. The static water table stands 60 feet below ground surface. Storage is provided by a 7,500-gallon corrugated iron-covered tank, resting on a 22-foot tower, from which water is distributed by gravity to the consumers.

All of the distribution mains are laid in streets and alleys which have not been accepted by the County of San Bernardino. No county franchise is required at present. Applicant has stated, however, that he will obtain a franchise from the County of San Bernardino whenever necessary.

Yermo Water Company now charges flat rates of \$1.50 per month for residences, and \$2.50 for business use. The proposed flat rates provide for a minimum charge of \$4 per month for residential service, and increases up to \$7.50 for business and commercial demand. Applicant requests the establishment of a meter rate providing for a monthly minimum charge of \$3.75, with an allowance of 900 cubic feet. Charges for excess use are reduced through three blocks to 15 cents per 100 cubic feet for all water over 5,000 cubic feet. Applicant will be expected to file rules and regulations satisfactory to this Commission.

Mr. Shope testified that the basis of his proposed rates was the schedule charged in Daggett where water service is rendered by a mutual company. It was stated that Daggett rates provide for a flat monthly charge for residential service ranging from \$3.50 to \$6, averaging about \$4.75 per month for the year.

Applicant has no complete records of operating revenues and operating expenses, and therefore no reliable determination could be made of his actual operating results.

Considerable opposition to the proposed increase in rates was expressed at the hearing by a number of consumers. Mr. Huston, a water consumer, testified that the rate charged in a contiguous area in Yermo by the Union Pacific Railroad Company was \$1.50 per month for residential service. It was further stated that the present rates in Barstow and in other localities in that vicinity were much lower than the proposed rates of applicant.

From evidence introduced into the record, applicant's revenue for the first six months of operation was \$620 and disbursements were \$1,464. Mr. Shope testified, however, that this latter figure included many capital charges, and that it was not possible to segregate operating expenses accurately. He stated that the original cost of the system was \$10,875, and that it was purchased by him for \$6,800. A report presented by Assistant Engineer Sutherland of the Commission's staff shows the estimated historical cost of the system to be \$9,200.

Although the record herein is not complete from the evidence submitted, it is clear that applicant's present revenues, amounting to \$1,200 a year, are insufficient to meet normal operating expenses and provide a reasonable return on the investment. Because of the fact that applicant's proposed rates are not supported by the record as being necessary, just and proper, (yielding an estimated gross revenue of not less than \$2,500 a year), said proposed rates will not be authorized. It should be pointed out at this time that no proper basis of comparison exists between this water system and the one in Daggett which operates under an entirely different type of organization and where the isolated location of the community, the rugged terrain, and local conditions of supply and distribution are wholly dissimilar.

The schedules of flat and meter rates established in the following order are just and reasonable under the circumstances and are supported by the evidence and testimony herein presented. The authorized schedules are estimated to yield an annual gross revenue of \$2,000 and will increase the annual gross revenue by \$700.

The Commission has considered the request for an increase in water rates, and upon the facts presented is of the opinion that an increase is justified to the extent set forth in the schedules contained in the following order:

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the matter having been submitted, the Commission being fully advised in the premises, and hereby finding that an increase in rates to the extent hereinafter set forth is justified and should be authorized; therefore,

IT IS HEREBY ORDERED that J. E. Shope is authorized to file on or after the effective date of this order the schedules of rates set forth in Exhibit A attached hereto, said schedules to be applicable to and charged for all water service rendered on and after December 1, 1948.

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 November, 1948.

R. J. Anderson  
Justus F. Anderson  
Grant T. Sweet  
Harold P. Hills  
Kenneth J. Latta  
 Commissioners

EXHIBIT A

Schedule No. 1

FLAT RATE DOMESTIC SERVICE

APPLICABILITY

Applicable to flat rate, domestic and commercial water service.

TERRITORY

In Tracts Nos. 2459 and 2192 in the town of Yermo, California.

RATES

	<u>Per Month</u>
For each 5-room residence, including 1,500 square feet of sprinkled or irrigated area. . . . .	\$3.00
For each additional room. . . . .	.30
For each additional residence on a lot. . . . .	1.50
For each 100 square feet of sprinkled or irrigated area in excess of the 1,500 square feet allowed. . . .	.02
For irrigation of otherwise unimproved lots, \$0.02 per 100 square feet per month where separate service connections are installed; minimum . . . . .	1.50

EXHIBIT A

Schedule No. 2

COMMERCIAL FLAT RATE

APPLICABILITY

Applicable to business and commercial service.

TERRITORY

In Tracts 2459 and 2192 in the town of Yermo, California.

RATES

Per Month

Service station . . . . .	\$2.50
Bakery . . . . .	2.50
Butcher shop . . . . .	2.50
Drug store. . . . .	2.50
Laundry . . . . .	5.00
Cleaning and pressing establishment . . . . .	2.50
Grocery . . . . .	2.00
Hardware store . . . . .	1.50
Dry goods store . . . . .	1.50
Car Laundry . . . . .	5.00
Trailer park:	
Office and utility building . . . . .	3.50
Each trailer unit, additional . . . . .	.50
Restaurant or cafe . . . . .	4.00
Motor court or motel:	
One unit containing office . . . . .	1.50
Each additional unit . . . . .	.75
Beauty shop and barber shop:	
Not exceeding 2 chairs . . . . .	2.00
Each additional chair . . . . .	.40
Living quarters in connection with business . . . . .	1.50
Public hall . . . . .	1.50
Church . . . . .	1.50
Real estate or other business office with not more than one toilet and one sink . . . . .	1.50
For each additional toilet, sink, or urinal . . . . .	.50
Waste-type cooler . . . . .	1.00
Circulating-type cooler . . . . .	.40
Irrigation of lawns, gardens, etc., same additional charges as shown on Schedule No. 1, Flat Rate Domestic Service	

EXHIBIT A

Schedule No. 3

GENERAL METER SERVICE

APPLICABILITY

Applicable to domestic, industrial, and general meter service.

TERRITORY

In Tracts 2459 and 2192 in the town of Yermo, California.

RATES

Per Month

Monthly Quantity Rates:

First	800 cubic feet or less . . . . .	\$2.70
Next	1,200 cubic feet, per 100 cubic feet . . . . .	.25
Next	3,000 cubic feet, per 100 cubic feet . . . . .	.15
All over	5,000 cubic feet, per 100 cubic feet . . . . .	.10

Monthly Minimum Charges:

For	5/8 x 3/4-inch meter . . . . .	2.70
For	3/4-inch meter . . . . .	3.25
For	1-inch meter . . . . .	4.00
For	2-inch meter . . . . .	8.25

The minimum monthly charge will entitle the consumer to the quantity of water which that minimum monthly charge will purchase at the monthly quantity rate.

SPECIAL CONDITIONS

A meter may be installed at the request of the consumer or at the option of the company.