

Decision No. 43115**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of the Southern California Water
Company for authority to increase
water rates in its "Calipatria-Niland
District".

Application No. 30156

L. M. Wright, of O'Melveny & Myers, by
L. M. Wright for applicant; Mayor William C.
Wilson, of Calipatria, interested party;
Gordon Barrington, President, Calipatria
Chamber of Commerce, interested party.

O P I N I O N

This is an application by the Southern California Water Company for authority to increase water rates in its Calipatria-Niland district, which it claims is necessary due to alleged operating losses incurred during the past three years.

A public hearing was held on this matter in Calipatria on June 8, 1949, before Examiner Crenshaw.

The Calipatria-Niland district was formed by the consolidation of the two districts of Calipatria and Niland in accordance with the Commission's Decision No. 37870, dated May 8, 1945.

The water supply for the Calipatria-Niland district is Colorado River water obtained from the Imperial Canal of the Imperial Irrigation District which is laden with silt and other impurities. It is therefore necessary to pass the water through settling basins where the treatment to destroy harmful bacteria and the removal of silt is accomplished. From the settling basins the water flows into the forebay of a booster station where it is treated with chlorine purification. Two electrically driven booster pumps and one gasoline

engine-driven pump are used to lift the water to a 50,000-gallon elevated steel tank. A booster pump on the discharge line of the elevated tank increases the pressure in the distribution system during times of high demand.

The operating headquarters of the Calipatria-Niland district are located at the pumping station in Calipatria where the company maintains its office in the residence occupied by the manager.

In Niland, water from the settling basins flows by gravity into the distribution system through a transmission main, consisting of approximately 6,800 feet of ten-inch and eight-inch cast iron pipe. At the settling basins the water is treated with chlorine just after it enters the transmission main.

The distribution system in this district consists of approximately 61,500 feet of distribution mains, varying from eight inches to 3/4 inch in diameter.

According to the record, water is distributed to 467 active customers in the Calipatria-Niland district who are rendered service at a flat rate, with the exception of eight who are served under the metered rate.

Testimony was introduced by a number of customers who stated that in some areas the pressure conditions were very poor and in their opinion applicant should not be permitted to charge the increased rates proposed in the application unless an adequate water supply were available at reasonable pressures.

Mr. R. L. Cresham, Valuation Engineer for applicant, testified that studies had been made of the poor pressure conditions and inadequate water supply which existed in certain locations on its system in Calipatria and Niland and outlined in considerable detail the contemplated changes decided upon to improve the service. He pointed out that the poor service conditions which exist on their

system were caused by reduced capacity due to incrustations in the pipe lines and some areas having grown beyond the capacity of the pipe lines; however, it was their aim to improve the pressure so that no customer would be supplied at a pressure below 25 pounds per square inch during times of peak demand.

Mr. Hoit C. Vicini, Vice President of the Southern California Water Company, testified that his company was aware of the poor pressure and service conditions existing in certain areas in Calipatria and Niland, and that studies and some reconstruction work were now under way to correct this condition. He further testified that in the very near future the low-pressure conditions would be cleared up.

Applicant in its Exhibit No. 2, introduced at the hearing and testified to by Mr. R. L. Gresham, brought out that the applicant sustained operating losses for the years 1946, 1947 and 1948 amounting to \$1,572, \$1,017 and \$1,096, respectively. An estimate was also prepared by the company showing that the proposed rates applied to the 1948 operations result in a net operating revenue of \$6,229. An estimate for the year 1949, using the proposed rates, indicates a net revenue of \$6,300 would be realized.

The following table is applicant's computation of the rate of return based upon actual operations for 1948, using the proposed rates set forth in the application and its estimate for the year 1949:

	<u>1948</u>	<u>1949</u>
Average Adjusted Depreciated Fixed Capital, excluding Donations and Customers' Advances	\$103,761	\$106,200
Net Operating Revenue	6,229	6,300
Indicated Rate of Return	6.0%	5.9%

The evidence of the Commission's staff includes an estimate of rate of return at the new rates for the year 1949 on the straight line depreciation basis of 5.86% and on the sinking fund basis of 4.92%.

In addition to applicant's request for an increase in its rates for flat rate water service, it also introduced two new schedules setting forth flat rates for water service for construction and temporary requirements and for fire sprinkler service. No change is contemplated at this time in applicant's rates for metered service.

According to the record it appears that applicant is entitled to some relief in its rates for flat rate water service and the order will so provide. However, applicant should promptly make the necessary changes and improvements in its water systems in Calipatria and Niland so as to provide a minimum operating pressure of not less than 25 pounds per square inch at the customer's premises, and the order will provide for progress reports.

O R D E R

Southern California Water Company, having applied to this Commission for an order authorizing increases in its rates for flat rate water service, public hearing having been held and the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates authorized herein are justified; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedule of rates shown in Exhibit A attached hereto, and after not less than five (5) days' notice to the Commission and the public, to make said rates effective by billing periods for service rendered on and after the 31st day of August, 1949.

IT IS HEREBY FURTHER ORDERED that applicant file a progress report with this Commission in triplicate on or before August 1, 1949 and each month thereafter until pressure conditions throughout the system have been brought to a minimum of not less than 25 pounds per square inch at the customer's premises. Said report shall set forth the plans of applicant to accomplish this objective, the estimated date of completion and the progress made during the month.

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

Dated at San Francisco, California, this 12th
day of July, 1949.

R. F. [Signature]
Justus F. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners.

Schedule No. 2

Calipatria-Niland Tariff AreaFLAT RATE SERVICEAPPLICABILITY

Applicable to all domestic and commercial flat rate water service.

TERRITORY

Within territory in and adjacent to the incorporated city of Calipatria and the unincorporated town of Niland, County of Imperial.

RATES

Residences, tenement buildings or lodging houses, six rooms or less, with plumbing inside building and connected to sewer, cess pool or septic tank, water for irrigating one lot and lot not to exceed 60 x 150 feet in size, per month	\$ 5.00
Each additional residence, tenement building or lodging house, six rooms or less, with plumbing inside building and connected to sewer, cess pool, or septic tank, on the same lot and connected to the same service connection, per month	2.40
Residences, tenement buildings or lodging houses, six rooms or less, without plumbing inside of building, water for irrigating one lot and lot not to exceed 60 x 150 feet in size, per month	2.90
Each additional residence, tenement building or lodging house, six rooms or less, without plumbing inside of building on the same lot and connected to the same service connection, per month	1.40
Hotel, base rate, without dining room, per month	6.75
Hotel, base rate, with dining room, per month	11.25
For each room having running water or bath, per month50
For each room without running water or bath, per month15
Business blocks and floors, not exceeding five offices, per month	5.00
Each additional office over five, per month15
Stores, warehouses, butcher shops, confectionery shops, halls and billiard parlors, per month	5.00
Drug stores, with fountain, restaurants, and service station with wash rack, per month	6.75
Barber shop with one chair only, per month	5.00
For each additional chair, per month50
Photographic galleries, per month	6.00

(continued)

Schedule No. 2
Calipatria-Niland Tariff Area

FLAT RATE SERVICE
(continued)

RATES (continued)

Laundries, per month	\$ 7.00
Lumber yards, per month	6.00
Wholesale oil and gas plants, per month	5.00
Public baths, each tub, per month	2.00
Public baths, each shower, per month	1.10
Steam boilers or gas engines, per horsepower, per month60
Soda fountain, in addition to base rate for stores, per month	2.60
Cotton gins, for not more than 6 stand gin, per month	10.00
For each additional gin stand, per month75
Service station without wash rack, per month	5.00
Shipping sheds, per month	5.00

Above rates are based on a 3/4-inch service connection.

The monthly flat rate charge for services larger than 3/4 inch will be determined by applying the same ratio that exists between a 3/4-inch metered minimum and the metered minimum of the size of service to be installed.

SPECIAL CONDITIONS

1. Meters will be installed at the option of either the customer or the company, provided the installation is feasible.

Schedule No. 3

Calipatria-Niland Tariff Area

CONSTRUCTION AND OTHER TEMPORARY FLAT RATE SERVICE

APPLICABILITY

Applicable to unmetered water service for construction and other purposes of temporary nature, where the installation of a meter would not be feasible.

TERRITORY

Within territory in and adjacent to the incorporated city of Calipatria and the unincorporated town of Niland, County of Imperial.

RATES

- | | |
|---|--------|
| (1) For each 100 square feet of concrete sidewalk constructed | \$0.20 |
| (2) For each 100 linear feet of concrete curb constructed | .40 |
| (3) For each 100 square feet of concrete gutter constructed | .40 |
| (4) For each 100 square feet of concrete street constructed | .40 |
| (5) For settling graded street, for each 100 square feet of street graded | .05 |
| (6) For settling backfill of trenches, for each lineal foot of trench with 16 square foot cross sectional area, or less | .01 |

For each lineal foot of trench of over 16 square foot cross sectional area the rate per foot of trench increases in proportion to the area.

SPECIAL CONDITIONS

1. For other temporary uses, an estimate of the quantity of water used will be made by the company. The charge for this water will be made at the quantity rate for General Metered Service.
2. The applicant for such temporary service shall be required to pay to the company in advance, the net cost of installing and removing any facilities necessary in connection with furnishing such service by the company.
3. The applicant for temporary service shall be required to deposit with the company a sum of money equal to the estimated amount of the company's bill for such service or to otherwise secure, in a manner satisfactory to the company, the payment of any bills which accrue by reason of such service so furnished or supplied.

Schedule No. 4

Calipatria-Niland Tariff Area

FIRE SPRINKLER SERVICE

APPLICABILITY

Applicable only for water service to privately owned fire sprinkler systems, where water is to be used only in case of fire.

TERRITORY

Within territory in and adjacent to the incorporated city of Calipatria and the unincorporated town of Niland, County of Imperial.

RATE

The charge for fire sprinkler service is \$1.00 per month per inch of diameter of the service.

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of installing the fire sprinkler service.
2. The minimum diameter for fire sprinkler service will be four inches and the maximum diameter will be not more than the diameter of the main to which the service is connected.
3. The customer's installation must be such as to separate the fire sprinkler system effectively from that of the customer's regular water service. As a part of the sprinkler service installation there shall be a detector check or other similar device acceptable to the company which will indicate the use of water. Any unauthorized use will be charged for at the regular established rate for General Metered Service and/or may be grounds for the company's discontinuing the fire sprinkler service without liability to the company.
4. There shall be no cross-connection between the fire sprinkler system supplied by water through the company's fire sprinkler service to any other source of supply without the specific approval of the company. This specific approval will require, at the customer's expense, a special double check valve installation or other device acceptable to the company. Any such unauthorized cross-connection may be the grounds for immediately discontinuing the sprinkler service without liability to the company.