

ORIGINAL

Decision No. 44278

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Romoland Water Company for permission to increase water rates.

Application No. 31021

Kenneth L. Coe and Amos T. Coe, Jr., for applicant; George Lawrence Faughn and Fred C. Bell, protestants, for three groups of customers.

O P I N I O N

Kenneth L. Coe and Amos T. Coe, Jr., copartners, doing business as Coe Bros. Machine Shop, Hemet, California, own and operate the Romoland Water Company serving domestic, commercial, and other customers in and about the unincorporated community of Romoland, Riverside County, California, and filed the above-entitled application on February 14, 1950, asking authority to establish a schedule of increased rates.

A public hearing was held before Examiner Warner in Romoland on May 16, 1950.

Romoland Water Company was acquired by the Coe brothers under the provisions of Decision No. 43181, in Application No. 30343, dated August 9, 1949, which authorized them to purchase the system from John L. Kinsella, former owner.

The water system was installed in the early 1920's and was originally certificated to the Watson Water Company by the Commission's Decision No. 18157, in Application No. 13351, dated April 4, 1927. It was transferred to Home Farms Water Company by Decision No. 26427, in Application No. 19045, dated October 16, 1933; was leased and certificated to Al Freedman by the Commission's Decision No. 36309, in

Application No. 24195 Amended, dated April 20, 1943; and, upon the illness of Al Freedman, was transferred to the aforesaid John L. Kinsella by the Commission's Decision No. 37015, in Application No. 26015 Amended, dated April 25, 1944. When John L. Kinsella became ill, the system was transferred to Coe Bros.

Romoland, formerly known as Ethanac, is an unincorporated community in Riverside County on the highway between Perris and Hemet. The area was originally developed about 1924 as a real estate promotion venture. An extensive well system to irrigate Kadota figs, vineyards, and deciduous fruits, was planned; but the real estate venture failed, and now the system, as will be shown later, has greatly depreciated and deteriorated.

At the present time, water is supplied to approximately 125 customers, about 10 of which are being served through meters. The customers comprise many old-age pensioners.

The Commission has received from time to time, over the past few years, numerous complaints about the non-availability of water, low pressures, sand conditions, and even the quality of water. The transfer of operation and ownership to the Coe brothers in August, 1949, was the result of an effort on the part of the Coe brothers to effect better operating conditions throughout the domestic water system.

When the Coe brothers thus acquired the system in 1949, water was being pumped from a 250-foot well by a 10 hp pump to an elevated tank. The well pumped sand, the tank leaked, and the distribution system, consisting of approximately 3,000 feet of concrete 8-inch main and about 24,000 feet of boiler tubing, also leaked badly and so varied in size that the maintenance of operating pressures was, and is, difficult.

Almost immediately upon taking over the system, the record shows, the Coe brothers, with funds obtained from the operation of their machine shop, drilled a new well 307 feet deep, capable of producing 333 gallons per minute, and installed a new 15 hp pump therein. The cost of this installation, together with the installation of new pump bowls in the old pump and the reconditioning of the old motor, amounted to about \$2,500. Additional sums were spent in repairing the 10,000-gallon tank and patching up the distribution mains, most of the latter expenditures being charged to repairs and maintenance. The distribution mains are still in poor operating condition and require extensive repairs. Applicant's witness stated that he intended to lay approximately 35,000 feet of concrete pipe lines at an estimated cost of \$49,000. Funds for this improvement, he stated, might be obtained from the operation of the Coe Machine Shop at the rate of \$5,000 or \$6,000 per year, or a loan might be obtained from a Hemet bank for this purpose. Therefore, the application for rate relief herein is an effort to improve applicant's credit standing in order to obtain loans from a bank or from some other money lending agency to improve the water system. In addition to the laying of new mains, applicant's witness stated that it may be necessary to drill another well for standby purposes and to abandon the old well entirely. Another storage tank is needed, and its installation on a 30-foot tower adjacent to the present tank is contemplated.

Applicant's present domestic and commercial meter rates include a monthly minimum charge of \$1.25 per meter per month, which includes the first 600 cubic feet or less of water usage per month, with the next 1,400 cubic feet at 15 cents per 100 cubic feet, and all over 2,000 cubic feet at 12 cents per 100 cubic feet. For irrigation service, the rate is two cents per 100 cubic feet of usage per month. As noted hereinbefore, but 10 meters are now in use and the

record indicates that these may not be recording properly due to the sand conditions in the mains.

The majority of the consumers are billed at the flat rate of \$1.50 per month per residence, or commercial establishment, plus two cents per 100 square feet of area for additional lots planted in crops and irrigated or used in conducting a business requiring the use of water.

The record shows that there have been many discrepancies in the application of the filed tariffs, some customers being charged at one flat rate for a house and lot, and others at another flat rate. These conditions apparently were inherited from the former operator of the water system and were never thoroughly surveyed or checked by the present operators. They should be remedied immediately, and each customer should be recorded on the company's billings according to the number of houses using water and number of lots being irrigated. Until these recordings are effected, no accurate estimate of revenues can be prepared; neither can a review of operations be considered to be reliably indicative of operating earnings.

Applicant's proposed meter rate includes a minimum charge of \$2.50 per meter per month for the first 1,000 cubic feet of usage and 20 cents per 100 cubic feet for the next 1,000 cubic feet, and all over 2,000 cubic feet at 10 cents per 100 cubic feet.

Applicant's proposed flat rates are as follows:

Residential	\$ 2.50
Commercial	2.50
For extra lot for irrigation, per 100 square feet03
Extra residence on lot	1.50
Potato shed when operating	15.00
Cattle and horses, per head20
Schools	10.00

At the hearing in this matter, Exhibit No. 4, presented by a Commission staff engineer, summarized the results of operation for

the period April, 1949, to March, 1950, inclusive, both at present rates and at applicant's proposed rates. The evidence indicates that, based on the present rates, the net income for the period will result in a loss of \$724, and, under the proposed rates, the net income will amount to approximately \$1,100.

It is evident that applicant is in need of rate relief, and the order herein will provide for rates somewhat less than requested by applicant, same being considered to be just and reasonable. These rates will result in additional gross revenue in 1950 of approximately \$2,000.

Many complaints of service and billing were registered at the hearing, and applicant should take whatever practicable steps it can to eliminate the deficiencies in service.

Water usage for irrigation and lawn watering purposes should be restricted in summer months between the hours of 10 a.m. and 6 p.m. if such restriction is found to be necessary in order to provide enough water for ordinary domestic requirements in the early morning and late evening.

If distribution mains were rehabilitated to the extent that meters could be operated properly, this might remove some of the discriminations inherent in the flat rates and might provide additional revenues. Applicant will be expected to improve the system and service as expeditiously as possible.

O R D E R

Romoland Water Company, owned and operated by Kenneth L. Coe and Amos T. Coe, Jr., as copartners, having applied to the Commission for an order authorizing an increase in water rates and charges, a public hearing having been held, and the matter having been submitted for decision,

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In, and in the vicinity of, the unincorporated town of Romoland, Riverside County, California

RATES

Per Meter
Per Month

Quantity Charge:

First 800 cubic feet, or less	\$ 2.00
Next 1,200 cubic feet, per 100 cubic feet20
Over 2,000 cubic feet, per 100 cubic feet10

Monthly Minimum Charge:

For 5/8-inch meter	2.00
--------------------------	------

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

Schedule No. 2

FLAT RATE SERVICE

APPLICABILITY

Applicable to flat rate service as designated.

TERRITORY

In, and in the vicinity of, the unincorporated town of Romoland, Riverside County, California.

RATES

	<u>Per Month</u>
Residential	\$ 2.25
Commercial	2.25
For extra lot for irrigation, per 100 square feet025
Extra residence on lot	1.50
Potato shed when operating	15.00
Cattle and horses, per head20
Schools	10.00

SPECIAL CONDITIONS

1. All service not covered by the above classifications will only be furnished on a metered basis.

2. Meters may be installed at option of utility or customer for above classifications in which event service will thereafter be rendered only on the basis of Schedule No. 1, General Metered Service.

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges 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, on not less than five (5) days' notice to the Commission and the public, to make said rates effective for service rendered on and after July 1, 1950.

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

Dated at San Francisco, California, this 7th day of June, 1950.

R. E. Friedman
Justus J. Coe
Dep. of Public Util. & Comm.
Harold H. Hill
Penelope Pottier
Commissioners.