

ORIGINAL

Decision No. 57283

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of HESPERIA WATER COMPANY for authority to cancel its Schedule No. 3 applicable to irrigation rates.

Application No. 39900

John C. Luthin, consulting engineer, for applicant.  
James L. King, attorney, for irrigation customers;  
Fred W. Hughes and Robert E. Cerny, in propria personae; protestants.  
James G. Shields, for the Commission staff.

O P I N I O N

Hesperia Water Company, a corporation, by the above-entitled application, filed March 12, 1958, seeks authority to cancel its Rate Schedule No. 3, Irrigation Rates, applicable to about 70 irrigation customers in the original townsite area of the unincorporated community of Hesperia, San Bernardino County.

Public hearings were held before Examiner Stewart C. Warner on May 15 and July 17, 1958, in Hesperia, California. All irrigation customers, except 2 or 3, which would be affected by the granting of the application were represented by counsel as protestants. At the May hearing said counsel moved that the application be dismissed on two grounds, viz., (1) that the oral testimony of the applicant was inconsistent with and contrary to the application, and (2) that the evidence did not support the application. Said motion was denied by the examiner at the July hearing, and the protestants submitted considerable testimony and evidence on their

position at said hearing; some protesting testimony and evidence and most of applicant's testimony and evidence having been submitted at the May hearing. The matter was submitted subject to the receipt, on or before August 11, 1958, of late-filed exhibits which were statements by the applicant and counsel for the protesting customers of their progress in reaching an agreement on the issues and of their respective positions on the filing date. Said exhibits have been received and the matter is now ready for decision.

General Information

Hesperia Water Company, the applicant, was organized in 1915 to serve the townsite of Hesperia located ten miles south of Victorville in San Bernardino County. At the present time water service is furnished to approximately 1,275 active service connections, and 1,200 fire hydrants are connected to the water system which includes 3 wells, 3 storage reservoirs totaling 237,000 gallons capacity, and over 250 miles of steel pipe lines in the 36 square miles of area which have been subdivided and in which some 20,000 lots have been sold to the public.

The area covered by the irrigation rate schedule No. 3, herein sought to be cancelled, comprises the one square mile of the old town of Hesperia as shown on the photograph, Exhibit No. 1. Said townsite lies west of the Santa Fe railroad tracks, north and south of Main Street. The record shows that irrigation water service has been furnished in this area by the applicant, or its predecessor, since the year 1906; that the presently effective schedule of rates for irrigation service was originally filed in the year 1920 when water was furnished by gravity and on an "applied - for" basis. By this is meant that the schedule then provided, and

does now provide, that water for irrigation purposes would be delivered for a minimum charge of \$5.00 per year and at the rate of \$.025 per miner's inch-hour for the first 0 - 200 inch-hours per acre per year (3.47 cents per 100 cubic feet), and \$.015 per inch-hour for all additional water (2.08 cents per 100 cubic feet). Such delivery of water was subject to the conditions that water would be furnished, upon application, at the rate of one-fifteenth of a miner's inch continuous flow for each acre, and that each application for a run of water should be made at least 48 hours before such run was desired.

The record shows that in about the year 1946 or 1947, applicant installed meters, separate from regular domestic meters at residences, on all irrigation services and the monthly water consumption of irrigation customers was computed and said customers were billed according to the readings of such meters. The irrigation rate schedule was applied to such readings, but applicant has not enforced, nor attempted to enforce, the special conditions of water delivery as set forth in its Schedule No. 3 and as outlined hereinbefore.

Exhibit No. 9 is a schedule of data showing the names of 49 irrigation customers, the acreage of each of such customers' properties, the number of fruit trees, shade trees, and shrubbery (grapes, roses, berries, crops, and flowers), and lawn area, and the year when the present owner first started receiving irrigation service. The map, Exhibit No. 8, shows the location of the properties set forth in Exhibit No. 9, and Exhibits Nos. 10, 11, 12, and 13 are photographs of most of the properties described in and set forth on Exhibits Nos. 9 and 8.

The record shows that all of the irrigation properties herein being considered have the characteristic that irrigation service is delivered from the same distribution main as domestic service through a 5/8 by 3/4-inch or 3/4-inch meter service connection whence the customers, either through hoses or small dimension 3/4 or 1/2-inch pipe lines, irrigate their fruit trees, shade trees, shrubs, lawns, and flowers throughout all or parts of their small acreage parcels. The record shows that no water delivered through the irrigation meter is used for domestic purposes. The record shows that many irrigation customers sell their fruit, vegetables or berry crops from roadside stands, to neighbors, or in local grocery stores, and that in this sense, but only in this sense, their properties are irrigated for commercial purposes.

The record shows that the irrigation service furnished by applicant is unique as to applicant, and that its other approximately 1,200 domestic water service customers, the preponderance of whom have moved into the area within the last three or four years only, have no such service nor water usage requirements.

Applicant alleged, and its witnesses testified, that it had never furnished irrigation service in the usual sense of that term, and that it was losing money on the furnishing of service to the 70 customers billed at the irrigation rates to the detriment of itself and its other rate payers.

Counsel for the protestants submitted the evidence on each of the irrigation customers' properties hereinbefore set forth, and described and argued that if the application were granted the practical effect would be to subject the present irrigation

customers to applicant's presently filed Schedule No. 1, its General Metered Service Schedule, the rates for which are as follows:

Quantity Charge:	<u>Per Meter</u> <u>Per Month</u>
First 400 cu. ft. or less .....	\$ 1.50
Next 500 cu. ft. per 100 cu. ft. ....	.20
Over 900 cu. ft. per 100 cu. ft. ....	.15

Said counsel argued, therefore, that applicant's present irrigation customers' rates would be increased, by the cancellation of Schedule No. 3, from \$.02 per 100 cubic feet to at least \$.15 per 100 cubic feet, and that such increase would be exorbitant, prohibitive, unreasonable, and, in fact, not applied for in the instant application.

Applicant submitted, as Exhibit No. 6, a schedule of water consumption and billing for the year 1957 which shows that domestic water consumption was 140,756 (100) cubic feet, the aggregate billing for which was \$34,812.25, and that irrigation consumption was 26,061 (100) cubic feet, the aggregate billing for which was \$738.31. The purpose of said exhibit was to show the discrepancy between the domestic and irrigation consumption and billing which, applicant alleged, was unwarranted based upon the water usages set forth in the record.

Exhibit B, attached to the application, was submitted by applicant to show the basic cost of pumping water, regardless of usage. Protestants' counsel objected to its receipt in evidence due to an alleged lack of proper foundation substantiating it as evidence. Said objection was overruled and it was received in the record. Said exhibit shows, based on applicant's calculations, that the total cost to applicant of pumping 100 cubic feet of water is

\$.052, including power cost of \$.037, and labor and materials - estimated of \$.015. Said calculations do not include any transmission, distribution, or administrative expenses, and do not include depreciation, and taxes on water system facilities used by applicant to deliver water either to its domestic or to its irrigation customers.

The applicant's annual report to the Commission, for the year 1956, was incorporated in the record, by reference, at the July hearing. Said annual report shows that out of gross operating revenues for said year, of \$23,162, applicant suffered a net loss of \$8,639 after depreciation and taxes, and the record herein shows that said losses have continued in similar magnitude during the year 1957 and to date.

#### Findings and Conclusions

After a careful review of the record, the Commission finds and concludes that the applicant's allegation in the application and on the record that it has not in the past furnished irrigation service, is not now furnishing, and will not in the future furnish such service, is inaccurate and is not supported by the record; and that the prayer of the application that applicant be authorized to cancel its presently filed Schedule No. 3, Irrigation Rates, is misleading and does not correctly state the applicant's intentions with respect to, nor the effect on, applicant's present irrigation customers.

Notwithstanding the technical deficiencies in the application herein found as a fact to exist, the Commission is of the opinion, and finds and concludes that the applicant's

presently filed Schedule No. 3, Irrigation Rates, has not met and will not, based on past and current water-use habits and monthly consumptions of applicant's irrigation customers, meet applicant's out-of-pocket costs including power, labor and materials for pumping water delivered to domestic and irrigation customers and excluding taxes, depreciation, and other operating expenses.

From a review of the record it is found as a fact, as expressly set forth by testimony and statements of counsel in the late-filed exhibits, that there is a recognition by applicant's irrigation customers of the deficiencies in their rates for water service and that such customers are willing, without formal application by applicant and public hearings on said application, to have these remedied, at least to a reasonable extent. Based on such finding, the Commission further finds and concludes that the public interest requires that applicant's irrigation customers make at least a contribution to applicant's over-all revenues equivalent to out-of-pocket costs and that applicant be authorized to refile its presently filed Schedule No. 3, Irrigation Rates, to provide specifically for the delivery of water to the premises presently served in the townsite of Hesperia, and to no others, at the rate of \$.065 per 100 cubic feet of water usage per meter per month through 5/8 by 3/4- or 3/4-inch meters, and eliminating all the special conditions of the presently filed Schedule No. 3 which are found as a fact to be obsolete and inapplicable to present irrigation service conditions.

The Commission finds as a fact that the increases in irrigation rates and charges hereinafter authorized, are just and reasonable and that all present rates and charges for irrigation service, insofar as they differ from those authorized hereinafter, are, for the future, unjust and unreasonable.

ORDER

Application as above entitled having been filed, public hearings having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That the application of Hesperia Water Company, a corporation, for authority to cancel its presently filed Schedule No. 3, Irrigation Rates, be and it is denied.

2. That applicant be and it is authorized to file in quadruplicate with the Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedule of rates for irrigation service as shown in Appendix A attached hereto, and on not less than five days' notice to the Commission and to the public, to make such rates effective for such service rendered on and after October 1, 1958.

3. That applicant shall, within thirty days after the effective date of this order, provide this Commission with a list showing the name and location of each customer receiving water service at irrigation rates.

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

Dated at San Francisco, California, this 2nd day of September, 1958.

E. Lynn Fox President  
[Signature]  
[Signature]  
[Signature]  
Commissioners

-8- Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.



APPENDIX A

Schedule No. 3

LIMITED IRRIGATION SERVICE

APPLICABILITY

Applicable to all water delivered for irrigation purposes.

TERRITORY

The unincorporated community of Hesperia, and vicinity,  
San Bernardino County.

RATES

Monthly Quantity Rate:	Per Meter <u>Per Month</u>
Per 100 cu.ft. ....	\$ .065
Annual Minimum Charge:	Per Meter <u>Per Year</u>
For 5/8 x 3/4-inch meter .....	\$5.00
For 3/4-inch meter .....	7.00

SPECIAL CONDITION

Service under this schedule is limited to those  
premises served as of the effective date of this schedule.