

ORIGINALDecision No. 67737

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's
own motion into the status of
TEMESCAL WATER COMPANY and into
the operations, rates and practices
of TEMESCAL WATER COMPANY and
CORONA CITY WATER COMPANY.

Case No. 6098

SUPPLEMENTAL ORDER

Ordering paragraph 2 of Decision No. 65115, dated March 19, 1963, includes a requirement that Temescal Water Company file four copies of a cost of service study. As a result of sales and transfers authorized by Decision No. 67222, dated May 19, 1964, in Applications Nos. 46094 and 46266, the utility recently has been relieved of its domestic water utility obligations and now furnishes only irrigation service.

By letter dated July 10, 1964, attorney for the utility has requested relief from the requirement of filing the cost of service study.

The Commission finds that the cost of service study is no longer necessary and concludes that the requirement should be deleted. Therefore,

IT IS ORDERED that ordering paragraph 2 of Decision No. 65115 is modified by deleting therefrom the phrase "as well as a cost of service study,".

In all other respects Decision No. 65115, as previously

amended, shall remain in full force and effect.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 18th day
of AUGUST, 1964.

Frederick B. Holbrook
President
John E. [unclear]
William L. [unclear]

Commissioners

*I dissent.
will file an
opinion later
Gerald [unclear]
Commissioner*

George C. Grover
Commissioner George C. Grover did
not participate in the disposition
of this proceedings

McKEAGE, Commissioner, dissenting.

The order which this Commission has today issued in this case constitutes a fair example of how to default regulation.

By Decision No. 59443, issued herein on December 29, 1959, this Commission found the respondent, Temescal, to be a public utility subject to its jurisdiction. In connection with this adjudication, said respondent was instructed to develop the original cost of its water system and a depreciation reserve requirement in order that the Commission could establish fair and reasonable rates for respondent.

On March 19, 1963, the Commission issued Decision No. 65115 in this case after an extensive hearing involving this respondent. By Decision No. 65115, the Commission found that respondent had failed to present the material directed to be presented in the original cost and depreciation reserve study. Said decision pointed out that without such information it would not be possible for the Commission to properly regulate the respondent, citing testimony of Commission staff witnesses to that effect. Faced with the regulatory necessity for prescribing some type of rate for this utility, the Commission did prescribe a schedule of rates with the understanding that such rates might be revised after the respondent had furnished the Commission with the basic regulatory data which the Commission had directed to be furnished.

By Decision No. 65115, the Commission again directed the respondent to furnish the original cost and depreciation data and, also, directed respondent to furnish the Commission with a cost of service study. These materials were required to be furnished to the Commission prior to December 31, 1963. So it will be seen that this basic regulatory information which the respondent had been directed to furnish was still unfurnished on March 19, 1963, years after respondent had been directed to furnish it.

The record shows that said information was not furnished to

the Commission prior to December 31, 1963, and pursuant to a request of the respondent, the Commission, on February 25, 1964, granted an extension of time to and including June 30, 1964 within which respondent must furnish said material. In this order extending time, the Commission pointed out as follows:

"The above-named respondent has been assiduously pursuing its administrative and legal remedies endeavoring to overturn said Decision No. 65115, ever since it was issued. Had similar effort been devoted to the required studies they could have been finished and filed within the prescribed time."

In said order extending time, the Commission strongly admonished the respondent of the necessity for furnishing this material within the time thus extended.

The record further shows that the original cost and depreciation study was filed with the Commission by the respondent on July 21, 1964, twenty-one days after the date on which the same should have been filed with the Commission. And on July 10, 1964, the respondent, by letter, requested the Commission to relieve it from the necessity of filing a cost of service study. This request has been, today, granted by the Commission.

The record of this respondent, which this dissenting opinion adverts to in a most charitable way, reflects a frustrating insensibility to its duty as a public utility. Instead of relieving this respondent from the duty of filing a cost of service study, the Commission should reopen this case and set it down for further hearing wherein the belatedly filed original cost and depreciation study could be thoroughly investigated and the integrity thereof tested. Based upon the conduct of this respondent, as reflected by the record in this proceeding, the Commission would have every reason to thoroughly test the integrity of this material furnished to it by the respondent. As of now, the Commission does not know, and neither does its staff know, the facts concerning the financial status of the properties of this respondent. The Commission does not presently have a proper regulatory comprehension of the properties

and the operations of this respondent. All the Commission has are self-serving documents and reports furnished to it by the respondent. The fact that such reports may reflect meager earnings of respondent or no earnings at all would have nothing to do with the duty of the Commission to find out for itself the true status of this respondent's properties and operations. Effective regulation requires no less.



McKeage
Commissioner

August 18, 1964.