

ORIGINAL

Decision No. 69188

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Residents of Mesa Verde,
Complainant,

vs

Nicholls Warm Springs, a
corporation, dba Mesa Verde
Water Company,

Defendant.

Case No. 8132
(Filed February 17, 1965)
(Not answered)
(Amended April 21, 1965)

Foster J. Funk, Wayne O. Sanders, and
Mrs. Jeanette P. Elam, for complainant.
Reginald E. Knaggs, for the Commission staff.

INTERIM OPINION

Some 81 customers of Nicholls Warm Springs, a corporation, doing business under the fictitious name of Mesa Verde Water Company, complain that said company has increased its rates for water service without notification; the increase is exorbitant on the first block of gallonage; there is no apparent consideration for the water company's own use of water in development of subdivision; the water company is not metering its own usage for the development of the subdivision and water rates do not correspond with the surrounding area such as Blythe.

The complaint was amended at the hearing by requests that this Commission take jurisdiction over defendant, and that rates for water service be frozen at the February 1, 1965, level until such time as the Commission rules otherwise.

Public hearing was held before Examiner Warner on April 21, 1965, at Blythe. Although notified, defendant did not appear, having, by its letter dated April 3, 1965, advised the Commission that its vice president Soehnel was recovering from major surgery and had been unable to contact its attorney. Defendant was advised by the Secretary of the Commission by letter, dated April 12, 1965, that the Commission was informed that Soehnel's son was operating the water system and that he would be expected to be present at the hearing set for April 21, 1965. Defendant, by its letter, dated April 14, 1965, further advised the Commission that Soehnel's son would be unable to be present at the hearing, and that it was impossible for any of defendant's officers to attend. The Secretary of the Commission, by letter dated April 15, 1965, advised defendant that the hearing would be held as scheduled. The exchange of such correspondence was noted for, and said letters were read into, the record by the presiding officer, who also recited a conversation with defendant's son who had stated, informally, on a prior date, that defendant's attorney had advised it that defendant was not a public utility.

The record shows that, in the year 1953, defendant commenced furnishing water service to residents in the subdivision known as Mesa Verde in unincorporated territory of Riverside County, about 7 miles west of Blythe, and, as of April 1, 1965, water service was being furnished to approximately 100 customers in three subdivisions containing a total of 382 lots known as Nicholls Warm Springs Units 1, 2 and 3. During 1953, water service was furnished

at a flat rate of \$3.00 per month; during 1954, at a flat rate of \$3.50 per month; later, service to 100-foot lots was increased to a flat rate of \$5.00 per month; on January 10, 1961, defendant notified its customers that monthly flat rates of \$3.50 would be raised to \$5.00 and monthly flat rates of \$5.00 would be raised to \$6.50, and that meters would be installed with corresponding rates for metered water service. On February 1, 1965, metered service rates were raised. The following tabulation compares metered service rates prior to February 1, 1965, with those effective on and after said date. Also shown for comparison are City of Blythe rates effective April 1, 1965:

METERED SERVICE RATES
Per Meter Per Month

Mesa Verde Rates Prior to 2/1/65		Mesa Verde Rates Effective 2/1/65	
First 20,000 gal or less.....	\$3.50	First 10,000 gal or less....	\$3.50
Next 50,000 gal per		Next 50,000 gal per	
1,000 gal.....	.20	1,000 gal.....	.20
Next 40,000 gal per		Next 40,000 gal per	
1,000 gal.....	.15	1,000 gal.....	.15
Over 110,000 gal per		Over 100,000 gal per	
1,000 gal.....	.10	1,000 gal.....	.10

City of Blythe 4/1/65	
First 24,000 gal or less.....	\$3.75
Next 29,000 gal per	
1,000 gal.....	.10
Over 53,000 gal per	
1,000 gal.....	.09

Exhibit No. 9 is a letter, dated January 21, 1961, to residents of Nicholls Warm Springs signed by defendant's president and by its office manager which stated, among other things, as

follows, "As you know, the water company of Nicholls Warm Springs is a privately owned and operated water company."

The record shows that no stock in Nicholls Warm Springs Corp. or Mesa Verde Water Co. has been sold to or purchased by any property owner as a requisite to receiving water service.

The record shows that defendant has not applied for nor received a certificate of public convenience and necessity pursuant to Section 1001 of the Public Utilities Code, nor has it filed tariffs with the Commission, nor has the Commission authorized rates for water service.

Exhibit No. 17 is a report on an investigation of the complaint submitted by a Commission staff engineer who recommended that, if defendant were declared to be a public utility, further hearings should be held to determine the reasonableness of defendant's earnings and rates.

The matter was continued to a date to be set unless the complaint were dismissed.

We find that:

1. Nicholls Warm Springs, a corporation, doing business as Mesa Verde Water Company, has been selling water as a corporation to the residents of the subdivisions Nicholls Warm Springs Units 1, 2 and 3 as such subdivisions have been developed since 1953.
2. Pending final determination of this matter defendant's metered service rates which were in effect prior to February 1, 1965, are reasonable.

It is concluded that defendant should be declared to be a public utility under the jurisdiction, control and regulation of this Commission pursuant to the provisions of Section 2701 of the Public Utilities Code. It is further concluded that defendant should be directed to file its tariffs and should be directed to apply them, and no others, within its service area.

INTERIM ORDER

IT IS ORDERED that:

1. Nicholls Warm Springs, a corporation, doing business as Mesa Verde Water Company, is declared to be a public utility subject to the jurisdiction of this Commission and to the applicable provisions of law.

2. Defendant is authorized and directed to file, within ten days after the effective date hereof, in conformity with the Commission's General Order No. 96-A, the schedule of rates shown in Appendix A attached hereto, together with rules governing service to customers and a tariff service area map and copies of printed forms used in connection with customers' services. Such rates, rules, tariff service area map and forms shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

3. Within sixty days after the effective date of this order, defendant shall file with this Commission four copies of a comprehensive map drawn to an indicated scale of not more than 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, the principal water production, storage and distribution facilities, and the location of the various water utility properties of defendant.

4. Defendant shall file with this Commission, within ninety days after the effective date of this order, a report setting forth in detail a determination of the original cost, estimated if not known (historical cost appraisal), of the properties used and useful in providing water service, and also the depreciation reserve requirement applicable to such properties. The report shall designate which items are supported by vouchers or other like documentary evidence and which items are estimated, and it shall show the basis upon which any such estimates shall have been made.

5. Defendant shall determine the accruals to the depreciation reserve by spreading the original cost of the water utility plant, less estimated future net salvage and depreciation reserve, over the remaining life of the plant. Defendant shall review the depreciation rates when major changes in utility plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

6. Within thirty days after the effective date of this order defendant shall file with this Commission a copy of a water supply permit issued by the appropriate Department of Public Health, or a copy of an application for such permit if the permit has not yet been issued.

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

Dated at San Francisco, California, this 9th day of JUNE, 1965.

Frederick B. Hallock
President

John E. Mitchell

George E. Hoover

Augusta

William M. Bennett
Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Mesa Verde and vicinity, approximately 7 miles west of Blythe, Riverside County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 2,600 cu.ft. or less	\$3.50
Next 6,700 cu.ft., per 100 cu.ft.20
Next 5,200 cu.ft., per 100 cu.ft.15
Over 14,500 cu.ft., per 100 cu.ft.10
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$3.50
For 3/4-inch meter	4.00
For 1-inch meter	6.00

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