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Decision No. 51024 NOV 20 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application )  
of the SOUTHERN CALIFORNIA WATER )  
COMPANY for an order authorizing )  
it to increase the rates for water )  
service in its Ojai District. )

Application No. 58203  
(Filed July 6, 1978)

Harold M. Messmer, Jr., Attorney at Law,  
for applicant.  
Richard Wittenberg, for the Board of Supervisors,  
Ventura County; Arthur Balchen, for ranchers  
in the City of Ojai; and Stan Masson, for  
Ventura County Fire Protection District;  
interested parties.  
Philip Scott Weismehl, Attorney at Law, John Foth,  
and Edwin Quan, for the Commission staff.

O P I N I O N

By this application, Southern California Water Company requests authority to increase rates in its Ojai District, to increase annual revenues by \$75,185.00 or 21.3 percent over present rates.

Applicant is a multidistrict public utility rendering water services in various areas in the counties of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino, and Ventura, and electric service in the vicinity of Big Bear Lake in San Bernardino County. Applicant owns all the outstanding capital stock of California Cities Water Company (Decision No. 85662 in Application No. 56311, March 23, 1976), which renders public water service in various areas in the counties of Lake, Los Angeles, Orange, San Bernardino, San Luis Obispo, and Santa Barbara.<sup>1/</sup>

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<sup>1/</sup> Since the filing of this application, California Cities Water Company has been merged into applicant, losing its separate identity, cf. App of California Cities Water Co. (Los Osos), D.90659 in A.57970.

Applicant computes its depreciation for income tax purposes for both recorded and ratemaking purposes by utilizing the double-declining balance or sum of years digit method on all qualifying property, and pays taxes on that basis with a full flow-through. Applicant, for both book and rate purposes, flows through to earnings the federal investment tax credit.

The Ojai District includes all of the city of Ojai and some adjacent Ventura County territory, comprising in total approximately two square miles. The water supply is obtained from wells and by purchase from the Casitas Municipal Water District. The well water is chlorinated, stored, and delivered to the distribution system; water purchased from the District is taken directly into the distribution system.

As of December 31, 1977, there were approximately 193,000 feet of distribution mains in the District, ranging in size up to 12 inches in diameter. Storage facilities consisted of six elevated tanks and reservoirs with a combined capacity of 1,536,000 gallons. As of that date, the Ojai operation was providing water service to 2,363 customers (all metered) and 10 private fire protection services. In addition, there were 255 fire hydrants for public fire protection connected to the system. On that date the historical cost of utility plant in this District was \$1,801,607; the depreciation reserve was \$480,291, with a net depreciated cost of \$1,321,316.

The basic rates in this District were last set in 1971 by Decision No. 79379 in Application No. 52204. Between 1971 and the time of filing of the application, applicant had received two offset increases. The first (Advice Letter 457-W, authorized in 1975) was for labor and energy. The second (Advice Letter 505-W, authorized in 1977) covered increased costs of labor, purchased water, energy, and payroll taxes, partially offset by an increase in investment tax credit.

The applicant estimated that if present rates, including those offsets, were continued through 1979, its rate of return on rate base would be only 7.47 percent. At the new higher rates proposed in the application, applicant would allegedly earn a rate of return of approximately 9.80 percent, producing a 15 percent rate of return on common equity. Applicant alleges that the deterioration in rate of return since its last general rate increase, is mainly caused by increases in the cost of purchased water, power, labor, postage, payroll taxes, liability insurance, and depreciation not recovered in offsets.

Applicant's estimates do not include any revenue from public fire hydrant revenue service. Applicant received notice from Ventura County that, as of July 20, 1978, no rentals for fire hydrants would be paid to applicant.

Applicant proposed to increase general metered service and metered public park service rates. It also requested that private fire protection service increase from the charge of \$2 per inch to \$3 per inch of service. The rate spread proposed was in accordance with the applicant's understanding of the Commission's lifeline principle.

Applicant published and provided a notice of this application as required by the Commission's Rules of Practice and Procedure and by Section 454(a) of the Public Utilities Code.

A hearing was conducted before Administrative Law Judge Gilman in Ojai on February 7 and in Los Angeles on February 8, 1979. ✓

There were no significant differences between the staff and applicant concerning test year results of operations. (See Table I, *infra*.) There was, however, a dispute concerning the level of rate of return on equity which would be just and reasonable for this company, the staff recommending 13 percent. The staff also presented differing recommendations concerning lifeline principles and rate design.

Two public witnesses recommended that the company establish special low agriculture rates. The staff opposed this proposal.

At the close of hearing the matter was taken under submission with authorization for staff and applicant to submit concurrent briefs. The staff filed its brief on March 12, 1979. The company failed to submit a brief, because of illness of a company official and inattention by its attorney.

Amount of Increase

Table I below sets forth the results of operations under staff and applicant's estimates. Using the staff's rate base, revenue, and expense projections, we will find that applicant will need to obtain \$19,150 in additional revenue to attain the staff-recommended 9.33 percent rate of return. Because of the added amount of income and income-related taxes which must ultimately be borne by applicant's customers, the gross increase which must be granted is \$39,700 on a 12-month 1979 test year basis. As explained below, predictable attrition, caused in part by changes in capital structure and in part by changes in operating costs, will degrade applicant's return on equity investment in 1980, necessitating an offsetting step increase to produce an additional \$7,500 or 2.10 percent.

TABLE I  
SUMMARY OF EARNINGS  
TEST YEAR 1979

Item	Present Rates		Proposed Rates	
	Staff (A)	Utility (B)	Staff (C)	Utility (D)
Metered + Flat Rate Revenues *	\$ 356.9	\$ 352.6	\$ 434.5	\$ 427.8
<u>Operating Expenses</u>				
Operation And Maintenance	158.0	162.4	158.2	162.6
Administrative And General	34.8	35.5	36.0	36.6
Amort. Bal. Accts.	5.4	0.0	5.4	0.0
General Office Prorated	<u>15.9</u>	<u>15.0</u>	<u>15.9</u>	<u>15.0</u>
Subtotal	214.1	212.9	215.5	214.2
Depreciation Expense	35.7	36.3	35.7	36.3
Taxes Other Than Income	17.7	14.8	17.7	14.8
State Corp. Franch. Tax	1.4	2.2	8.2	8.8
Federal Income Tax	<u>(4.8)</u>	<u>(2.6)</u>	<u>27.1</u>	<u>29.7</u>
Total Operating Expenses	264.1	263.6	304.2	303.8
Net Operating Revenues Adjusted	92.8	89.0	130.3	124.0
Rate Base	1,199.9	1,190.7	1,199.9	1,190.7
Rate Of Return	7.73%	7.47%	10.86%	10.41%

(Red Figure)

\*Includes estimated revenue  
for hydrant service.

Wage and Price Guidelines

On December 28, 1978 the President's Council on Wage and Price Stability published "Voluntary Standards" known commonly as Wage and Price Guidelines (43FR60772). On January 30, 1979, the Commission adopted Resolution No. M-4704 which ordered all regulated utilities requesting general rate relief to demonstrate compliance with the Guidelines. ✓

Because of unavoidable delays, the applicant was not yet aware of the resolution prior to the time of hearing. Therefore, the subject was handled by a series of questions to both staff and applicant witnesses.

In the subsequent hearing on applicant's request for a rate increase in its Niland-Calipatria District (Application No. 58137), applicant submitted an exhibit dealing with Guideline compliance (Exhibit 8, Application No. 58137). The Guidelines permit multidistrict entities such as applicant to measure increases on a companywide basis; that exhibit, therefore, contains the same material which applicant would have introduced in this proceeding. The Commission will consider this exhibit as if it were part of this record. Based on the incorporated exhibit, as well as the questions at hearing, we have a substantial basis for finding that this rate increase does not violate the Guidelines. ✓

Agricultural Rates

There are five agricultural consumers growing orchard crops located in the city of Ojai; they each use applicant's water for irrigation.<sup>2/</sup>

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<sup>2/</sup> These customers consumed between 425 Ccf and 2,805 Ccf per year in 1978. The largest water bill averaged nearly \$100 per month in 1978. Consumption can be expected to increase gradually as the trees mature.

The city of Ojai has adopted a policy, encouraging the establishment of agricultural uses within the city limits; all of these customers started their orchards in response to this city policy. None of these customers is physically situated so that he could economically establish a connection with the Casitas Municipal system. If they could, they would, as agricultural users, be entitled to purchase water at a rate lower than that available to applicant itself.

We are reluctant to establish a special low agricultural rate as suggested by the ranchers. Any reduction in the amounts paid by these customers must be offset by increases primarily falling on the domestic customers in the city of Ojai. There is no indication that the city contemplated encouraging agriculture to this extent.

The applicant has indicated, however, that it would be receptive to a "wheeling" proposal. Under such an arrangement the agricultural customers would, individually or collectively, arrange for the purchase of water on their own behalf from the District. Applicant would then, in effect, act as a carrier of the ranchers' own water, transporting it from the point of interconnection between the applicant's and the Casitas system to the ranchers' services. There would naturally be a reasonable charge to the ranchers for applicant's transportation services. However, any benefit that the ranchers could obtain in the form of low commodity rates from the Municipal Water District would be flowed through completely to the ranchers. We will expect the utility to aggressively pursue the possibilities of wheeling for these customers.

#### Rate of Return

Applicant originally requested a rate of return on common equity of 15.0 percent. Much of the evidence presented by applicant, however, was intended to establish a historical parallel with the rate of return authorized for Southern California Edison Company. In Decision No. 89711 in Application 57602, that company was

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recently authorized a rate of return on common equity of 13.49 percent; applicant asserted that a similar rate of return should now be established.

The staff's financial expert followed the conventional practice of basing his analysis on returns of a great number of companies and derived a return on equity of 13.0 percent. We agree with staff that it is potentially dangerous to establish a relationship between two or more utilities such that the rate of return adopted for one is automatically applied to others. This always leaves open the possibility of compounding an original error. There is always the possibility that the supposed similarity is a temporary coincidence. The practice could thus lead to grossly excessive or insufficient rates or return for those companies subjected to such rules of thumb. Furthermore, a water utility such as the applicant does not operate under the same risks as an electric utility, particularly those risks associated with rapidly increasing fuel costs and uncertainties as to future energy sources, which were among the reasons for our having last year increased the authorized rate of return for Southern California Edison Company.

We will adopt the staff's rate of return. Neither of the company-proposed figures is supported by adequate evidence.

#### Hydrant Rates

The Ventura County Fire District includes all of this utility's service area, plus territory served by other mutual and publicly-owned systems. In response to Proposition 13, the County Supervisors, who serve as the District's governing body, have decided not to pay hydrant charges to any of these utilities. The District proposed that this utility be authorized to forego its charges for hydrant service and make up the lost revenue by higher charges (averaging approximately 21 cents per month) to all of its consumers. The District has considered but rejected the option provided by General Order No. 103 under which a fire district, by assuming the responsibility for maintaining hydrants, can escape further hydrant charges. It feels that in the wake of Proposition 13, it should not assume any new responsibilities.



Its representative conceded that if this 21 cents per month cost were placed before the voters, for example, as a utility user's tax, it would be rejected. On the other hand, if the District continues to pay hydrant charges from its post-Proposition 13 revenues, it will sooner or later have to choose between firemen and hydrants. If it sacrifices hydrants, its fire insurance rating will be decreased, and many homeowners in the area will experience increases in fire insurance rates many times the 21 cents per month.

It does not feel that sacrificing firemen is a viable alternative.

Applicant supports the Fire Protection District's position. It argues that transforming taxpayer charges to ratepayer charges is a proper response to Proposition 13. Applicant asserts that unless that transformation is made, the District will ultimately have to do without any hydrant service. It contends that that result would be poor public policy especially since the resulting increase in fire insurance rates will offset the tax savings many times over.

Applicant believes that the District is firmly committed to a policy of refusing to pay these charges. Applicant will not voluntarily attempt to collect from the District, either by litigation or by terminating service. It argues that the Commission should not require both it and the District to expend what is ultimately the public's money on a confrontation over a minor issue.

Originally the staff was squarely opposed to compelling the utility's ratepayers to subsidize hydrant service to the District. The staff brief, however, suggested that the Commission might reconsider changing its General Order No. 103 to permit free hydrant service. Staff asserted that it is possible to interpret Proposition 13 merely as a vote against high property taxes. Under that interpretation public agencies should be expected to maintain pre-Proposition 13 expenditure levels if they can find alternative sources of revenue including free service from utilities.

The City Council member who spoke on this subject, analyzed the proposal in a provocative and interesting manner. She characterized the proposal as a hidden tax.

This issue has now been complicated by the passage of A.B. 1653 which modifies Section 549 of the Civil Code and adds Section 2713 to the Public Utilities Code, both affecting public utility water systems. These sections seem to require that a public utility water company donate all fire protection service to local governmental entities. They provide two alternatives; the fire district may decide voluntarily to provide funds to defray the costs, or this Commission can decide to impose extra charges on the utility's domestic commercial and industrial consumers to offset the cost revenue. These alternatives are not exclusive; the statute contemplates that neither might occur, leaving the utility's stockholders to absorb all of the costs. ✓

~~In essence, the position taken by the district now appears to be statutory law, the district now has a right to receive hydrant service (and "supplying water for such fire protection purposes within the service area of such corporation or for any costs of operation, installation, capital, maintenance, repair, alteration, or replacement of facilities." Section 549(a) Civil Code), and no apparent obligation to pay for it.~~ ✓

The proper application of this statute involves issues whose importance transcends this particular case. It will affect nearly every water company in the State. Furthermore the principles we adopt might decide whether power utilities can and should be compelled, for example, to provide free service to street lighting districts or whether communications utilities can be required to provide free services to fire, police, and public ambulance operations.

We will therefore postpone consideration of these problems until we resolve the issue for all potentially affected utilities.

We will not provide interim relief for applicant. It has gladly allowed the District to become substantially in arrears under the existing and still lawful tariff. Its president testified that the company has no intent of ever trying to collect past or future hydrant charges. We see no reason why it should not be expected to continue its forbearance until we have had an opportunity to carefully consider the ratemaking ramifications of this novel statute.

Therefore, these new rates do not include any sums to offset the hydrant revenues which applicant has unilaterally decided should not be collected.

Attrition and Step Rates

The staff recommended that we establish a second higher level of rates to take effect in the future for the purpose of offsetting operational attrition. This second step of increase should, according to the staff evidence, be based on a comparison of estimated 1978 and test year 1979. The trend thus developed was extrapolated to 1980.

The figures developed by the staff were as follows:

Trend in Rate of Return

Item -	Present Rates		Proposed Rates	
	Staff	Utility	Staff	Utility
1978	7.99%	7.91	11.29%	10.99
1979	7.73	7.47	10.86	10.41
Decrease in Rate of Return	.26	.44	.43	.58

Based thereon, the staff recommended that an allowance of 0.3 percent for operational attrition be adopted.

Service

The staff made a field investigation of applicant's water system in December of 1978 and reported that the plant appeared to be well maintained.

A review of the Commission's customer complaint records for 1977 and 1978 indicates that one informal complaint was filed against applicant, which was satisfactorily resolved. We have therefore determined that applicant's service is satisfactory and that no adjustment to rate of return is warranted.

Pump Efficiency

Applicant submitted efficiency data for the years 1971 through 1978. The pumps in this district appear to be reasonably efficient, with the exception of one single booster pump, which was operated for less than one percent of the total power consumption in 1977. At present rates the operation of this one inefficient pump would account for a total of \$470 purchase power. The staff did not recommend an adjustment on efficiency grounds. It did recommend, however, that applicant continue to review all pump efficiencies periodically, and that the use of low efficiency pumps be kept at a minimum. It further recommended that such pumps be repaired or replaced when cost-effective.

Rate Design

The adopted residential rates which are inverted to the extent that the commodity charge per 100 cu.ft. is higher for usage in excess of 300 cu.ft., are recoverable for the Ojai District. The purpose of the adopted rate design is to provide metered residential customers an incentive to conserve; the closer they can keep their monthly usage to the initial 300 cu.ft. quantity the lower their monthly bill. Although we frequently employ 300 cu.ft. as the initial, or lifeline quantity, block when establishing metered residential rates, we are not wedded to that particular quantity. Parties to the next Ojai District general rate proceeding may, if they desire, present evidence that would justify altering the rate design adopted herein.

Rates are adopted for other customer classes in general conformance with the staff's recommendations, which were not contested.

Findings of Fact

1. Applicant's service, conservation program, pump efficiency program, and water quality are satisfactory.
2. A rate of return on equity of less than 13.0 percent would be unreasonably low and would provide earnings less than available elsewhere on investments of comparable risk.

3. For test year 1979 a rate of return of 9.23 percent on rate base would produce a rate of return on equity of 13.0 percent.

4. Because of predictable changes in capital structure, a rate of return of 9.33 percent on rate base in 1980 will be required to produce a rate of return on equity of 13.0 percent.

5. The staff's estimates of revenues, expenses, rate base, and operational attrition are reasonable and should be adopted.

6. A gross revenue increase over the amount generated by existing rates, in the amount of \$39,700 or 11.1 percent is required for 1979. To maintain the same rate of return on equity in 1980 an additional \$7,500 or 2.10 percent is required.

7. The rate spread adopted herein will promote conservation.

8. It is not necessary to determine now whether applicant's consumers should compensate it for lost hydrant revenues after January 1, 1980.

9. A special reduced rate for agricultural uses is not justified; applicant should be expected to pursue the possibilities of wheeling Casitas District irrigation water to farmers.

10. This increase in rates does not violate federal price Guidelines.

#### Conclusions of Law

1. If applicant elects not to enforce lawful tariff charges, the economic burden must fall on its stockholders not its ratepayers.

2. Applicant should be authorized a rate increase as set forth in the ordering paragraphs below.

3. Since the decision would authorize 1979 rates for a short period of time, 1980 rates should go into effect on the effective date of this order.

4. As applicant is in need of prompt rate relief, the effective date of this order should be the date hereof. ✓

O R D E R

IT IS ORDERED that after the effective date of this order applicant is authorized to file 1980 rates in accordance with General Order No. 96 the schedule attached hereto as Appendix A, effective four days after the date of filing. The schedule shall apply only to service rendered on and after the effective date.

The effective date of this order is the date hereof. ✓

Dated NOV 20 1979, at San Francisco, California.

John E. Guyon  
President  
William L. Stearns

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

Alan J. Edgish  
Richard W. Jones  
Commissioners

SOUTHERN CALIFORNIA WATER COMPANYSchedule No. OJ-1Ojai DistrictGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service except public parks.

TERRITORY

Ojai and vicinity, Ventura County.

RATES

Quantity Rates:	Per Meter Per Month	
First 300 cu.ft., per 100 cu.ft. ....	\$ 0.450	
Over 300 cu.ft., per 100 cu.ft. ....	0.548	(I)
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 2.00	
For 3/4-inch meter .....	3.00	
For 1-inch meter .....	4.00	
For 1 1/2-inch meter .....	5.50	
For 2-inch meter .....	7.50	
For 3-inch meter .....	14.00	
For 4-inch meter .....	19.00	
For 6-inch meter .....	30.00	
For 8-inch meter .....	45.00	

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rates.



APPENDIX A  
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SOUTHERN CALIFORNIA WATER COMPANY

Schedule No. OJ-1

Ojai District

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service except public parks.

TERRITORY

Ojai and vicinity, Ventura County.

RATES

Quantity Rates:	Per Meter Per Month	
First 300 cu.ft., per 100 cu.ft. ....	\$ 0.450	
Over 300 cu.ft., per 100 cu.ft. ....	0.548	(I)
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 2.00	
For 3/4-inch meter .....	3.00	
For 1-inch meter .....	4.00	
For 1 1/2-inch meter .....	5.50	
For 2-inch meter .....	7.50	
For 3-inch meter .....	14.00	
For 4-inch meter .....	19.00	
For 6-inch meter .....	30.00	
For 8-inch meter .....	45.00	

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rates.

SOUTHERN CALIFORNIA WATER COMPANY

Schedule No. OJ-7ML

Ojai District

METERED PUBLIC PARK SERVICE

APPLICABILITY

Applicable to all metered water service furnished to public parks.

TERRITORY

Ojai and vicinity, Ventura County.

RATES

Quantity Rate:	<u>Per Meter</u> <u>Per Month</u>
For all water delivered, per 100 cu.ft. ....	\$ 0.337 (I)
 Service Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.20
For 3/4-inch meter .....	3.00
For 1-inch meter .....	4.00
For 1 1/2-inch meter .....	5.50
For 2-inch meter .....	7.50

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. Service under this schedule shall be limited to the City of Ojai, the County of Ventura and the Civic Center Park (Ojai Civic Association, Trustee).
2. The above rates apply to service connections not larger than two inches in diameter.
3. The cost of installation of service pipes and meters shall be borne by the utility. Relocation of such facilities shall be at the expense of the party requesting relocation.

APPENDIX A

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SOUTHERN CALIFORNIA WATER COMPANY

Schedule No. OJ-7ML

Ojai District

METERED PUBLIC PARK SERVICE

APPLICABILITY

Applicable to all metered water service furnished to public parks.

TERRITORY

Ojai and vicinity, Ventura County.

RATES

Quantity Rate:	<u>Per Meter</u> <u>Per Month</u>
For all water delivered, per 100 cu.ft. ....	\$ 0.337 (I)
 Service Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.20
For 3/4-inch meter .....	3.00
For 1-inch meter .....	4.00
For 1 1/2-inch meter .....	5.50
For 2-inch meter .....	7.50

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. Service under this schedule shall be limited to the City of Ojai, the County of Ventura and the Civic Center Park (Ojai Civic Association, Trustee).

2. The above rates apply to service connections not larger than two inches in diameter.

3. The cost of installation of service pipes and meters shall be borne by the utility. Relocation of such facilities shall be at the expense of the party requesting relocation.

SOUTHERN CALIFORNIA WATER COMPANYAll DistrictsSchedule No. AA-4PRIVATE FIRE PROTECTION SERVICEAPPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

TERRITORY

Rate A - Applicable within the Bay, Big Bear, Calipatria-Niland, Central Basin, Ojai, Orange County, Pomona Valley, San Bernardino Valley, San Gabriel Valley and Southwest Districts. (T)

Rate B - Applicable within the Barstow, Culver City and Simi Valley Districts.

Rate C - Applicable within the Arden-Cordova and Desert Districts. (T)

RATE

	Per Month		
	A	B	C
For each inch of diameter of service connection .....	\$3.00	\$2.25	\$2.00

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund. The facilities paid for by the applicant shall be the sole property of the applicant.

2. The minimum diameter for fire protection service shall be four-inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.

3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

5. In accordance with Section 774 of the Public Utilities Code, the utility is not liable for injury, damage or loss resulting from failure to provide adequate water supply or pressure.