

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of
S. E. THROWELL
as owner of the Lomita Park Water
Works, for raise in rates.

Application No. 9746.

J. E. McCurdy for applicant.

Charles N. Kirkbride for certain
property owners.

WHITTLESEY, Commissioner.

O P I N I O N

In this proceeding S. E. Throwell, who owns and operates a public utility water system known as the Lomita Park Water Works, which furnishes water for domestic purposes to consumers in Lomita Park, Marina Vista Park and Millbrae Park, in San Mateo County, makes application for an increase in rates.

The application alleges in effect that during the year 1923 the operation of the water system resulted in a loss of \$3,349 to applicant; that by reason of the proposed street paving in Lomita Park applicant will be required to expend approximately \$15,000 for the lowering of his pipe mains; and that the rates at present in effect are insufficient to produce any return upon the investment in the system or to permit applicant to finance the cost of the changes in pipe mains made necessary by the street paving program. The applicant therefore asks for an order of the Commission authorizing an increase in rates.

A public hearing in this matter was held in San Francisco,

after due notice thereof had been given so that all interested parties might appear and be heard.

Water is secured by pumping from four deep wells and is distributed to approximately 150 metered consumers through a total of about 30,000 feet of distribution mains ranging in size from 2 to 4 inches in diameter. Storage is provided by a 55,000 gallon capacity concrete reservoir and a 30,000 gallon capacity wood stave tank.

The present rates charged by the utility are as follows:

750 cubic feet or less of water consumed
during month.....\$1.50

For all water used in excess of 750 cubic
feet per month, per 100 cubic feet... 0.20

H. A. Noble, one of the Commission's Hydraulic Engineers, made an extensive investigation of the water system and at the hearing in this proceeding submitted a report which showed an estimated original cost of the property devoted to the public use amounting to \$25,430, with a depreciation annuity calculated by the sinking fund method at 6 per cent., of \$349. The estimated reasonable maintenance and operation expense was shown to be \$2,713. Revenues for the year 1923 amounted to \$3,315. Applicant's "Exhibit 1", filed at the hearing, shows a total expenditure for the year amounting to \$6,665, a large portion of which is properly chargeable to capital, and in the estimate of reasonable maintenance and operation expense submitted by the Commission's engineer proper adjustments and eliminations have been made for all items improperly charged. The report of the Commission's engineer was accepted by applicant, except for a few minor objections to the allowances for various items of operating expense.

The results of operation for the year 1923 are as follows:

Revenues.....\$3,315

Expense:

Maintenance and Operation...\$2,713

Depreciation Annuity..... 349

Total Expense..... 3,062

Available for Return..... \$ 253

This is equivalent to a return of slightly less than one per cent. upon an estimated reasonable original cost of the property amounting to \$25,430.

A study of the foregoing results of operation and the evidence submitted in the proceeding leads to the conclusion that the utility is entitled to an increase in rates, and the schedule set out in the accompanying order is designed to yield a revenue sufficient to cover maintenance and operation expense, depreciation annuity, and what under the circumstances is a reasonable return upon the investment.

It is impossible at this time to determine the cost of lowering the utility's mains and adjusting service connections to provide for changes in street grades which will be required during the construction of paving in Lomita Park. For this reason it will be impossible at this time to include the necessary expense for pipe changes in the rate base used in the present proceeding. When this work is completed and the actual expenditures have been determined, these facts may be presented to the Commission by applicant and will be carefully considered to determine whether or not a further adjustment of rates is justified.

The following form of order is submitted.

O R D E R

S. E. Throwell, who owns and operates a public utility system known as the Lomita Park Water Works, furnishing water for domestic purposes to consumers in Lomita Park, Marina Vista Park

and Millbrae Park, San Mateo County, having made application for an increase in rates, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter,

IT IS HEREBY FOUND AS A FACT that the rates now charged by S. E. Throwell for water delivered to consumers are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact set out in the preceding opinion,

IT IS HEREBY ORDERED that S. E. Throwell be and he is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water delivered to his consumers in Lomita Park, Marina Vista Park and Millbrae Park, San Mateo County, subsequent to June 30, 1924:

MONTHLY MINIMUM CHARGES

For 5/8 inch meters.....	\$1.50
For 3/4 inch meters.....	2.50
For 1 inch meters.....	4.00
For 1 1/2 inch meters.....	7.00
For 2 inch meters.....	10.00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "monthly meter rates:"

MONTHLY METER RATES

From 0 to 400 cubic feet, per 100 cubic feet	\$0.37 1/2
From 400 to 3000 cubic feet, per 100 cubic feet	0.30
Over 3000 cubic feet, per 100 cubic feet	0.25

IT IS HEREBY FURTHER ORDERED that S. E. Throwell be and he is hereby directed to file with this Commission within thirty

(30) days of the date of this order, rules and regulations to govern relations with his consumers, such rules and regulations to become effective upon their acceptance by this Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 5th day of June, 1924.

C. Seaver

H. B. ...

Dwight Martin

J. T. Whitney
Commissioners.