

ORIGINAL

Decision No. 14047.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of the  
MENTONE WATER COMPANY  
for authority to increase the rates for  
water supplied to the unincorporated  
village of Mentone and contiguous terri-  
tory.

Application No. 10334.

Earl E. Finch for applicant.

BY THE COMMISSION:

O P I N I O N.

Mentone Water Company, a corporation, asks authority to increase its rates for domestic water service supplied to consumers in the vicinity of Mentone, San Bernardino County.

The application alleges in effect that the present schedule of rates does not yield sufficient revenue to meet maintenance and operating expenses, depreciation annuity, and a fair return upon the investment.

A public hearing in this matter was held before Examiner Williams at Redlands. All of applicant's consumers were duly notified and given an opportunity to appear and be heard.

Reference is made to Commission's Decision No. 5016 for the history of the company and a description of the system. Applicant now serves about 86 consumers, of whom 76 are metered. The present rates charged for water delivered are as follows:

Flat rate for each connection per month . . . . .	\$1.00
Metered rate for the first 800 cubic feet or less per month . . . . .	1.00
For water used in excess of 800 cubic feet per month, per 100 cubic feet . . . . .	0.075

M. I. Reed, one of the Commission's assistant engineers, submitted a report covering the results of a field investigation of the system and a study of the utility's records. This report shows an estimated original cost of the system, not including water rights, of \$14,737 on June 1, 1924. A depreciation annuity, computed by the sinking fund method, was found to be \$248. The estimated future revenue at the present rates is \$1,600 and operating expenses are estimated as \$1,200 per annum.

This company is operating jointly with the Mentone Groves Company, which supplies irrigation water under private contract to the residents of Mentone, while applicant supplies the domestic water. In some cases the pipe lines are used by both companies but ownership in these jointly-used facilities rests in the Mentone Groves Company. The expenses, as shown by applicant in its annual reports to the Commission are so closely interwoven with those of the Mentone Groves Company that it is difficult to determine the actual operating expense. Applicant states that the consumers of this system cannot reasonably be expected to pay a rate which will provide a fair return upon the investment, and that such a rate is not desired at this time. Applicant suggested that the rate of \$1.50 per month for 1500 cubic feet and 5 cents for each additional 100 cubic feet would return to the company sufficient revenue to pay operating expenses and depreciation. This rate is less than the charges now in effect, provided consumers use more than 1500 cubic feet per month, and is not unreasonable for the service rendered.

#### O R D E R

Mentone Water Company, a corporation, having applied to the Railroad Commission for authority to increase the rates for water supplied to consumers in the vicinity of Mentone, San Bernardino County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully advised in the matter,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Montone Water Company, a corporation, 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 to be charged for the service rendered to consumers.

Basing the order upon the foregoing findings of fact and upon the statements of fact set forth in the preceding opinion,

IT IS HEREBY ORDERED that Montone Water Company, a corporation, be and it is hereby directed to file with this Commission on or before September 30, 1924, the following schedule of rates to be charged for all water delivered to consumers subsequent to that date:

FLAT RATE.

Monthly flat rate for domestic service . . . . . \$1.75

METER RATES.

Monthly charge for 1500 cubic feet or less. . . 1.50  
For each additional 100 cubic feet, per month . . . .05

The effective date of this order is hereby fixed as  
October 1, 1924.

Dated at San Francisco, California, this 12<sup>th</sup> day of  
September, 1924.

W. A. Seaver

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Egerton Shore

J. T. Whittier  
Commissioners.

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