

Decision No. 116208.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the )  
                  BELVEDERE WATER CORPORATION )  
for authority to discontinue a certain )  
item in its schedule of rates. )

**ORIGINAL**

Application No. 11678.

Gibson, Dunn & Crutcher, by E. F.  
Prince, for applicant.

WHITSELL, Commissioner:

O P I N I O N

Belvedere Water Corporation, applicant in the above entitled proceeding, engaged in the public utility business of supplying water for domestic and irrigation purposes in and in the vicinity of Belvedere Gardens, Los Angeles County, asks the Commission for authority to omit from its present rate schedule the rate of six cents (\$.06) per 100 cubic feet for all water in excess of 5,000 cubic feet. It is alleged that this rate is less than the reasonable cost of producing the water and that the additional amount of revenue which will be secured by the omission of this item is small and will not cause applicant to earn more than a reasonable return on the investment.

A public hearing in this matter was held in Los Angeles after due notice thereof had been given so that all parties might appear and be heard.

Belvedere Water Corporation was authorized to purchase



mission's hydraulic engineers, an analysis of the revenues and operating expenses showed that the elimination of the rate of 6 cents per 100 cubic feet for all water delivered over 5,000 cubic feet would have amounted to an increase in revenues for 1924 of approximately \$2,453, and \$2,823 for 1925. The revenues receivable for 1925, of which the month of December was estimated, amounted to approximately \$196,157. This report indicates that had the proposed change in rates been in effect during the year 1925 the company would have earned a return of less than 8% on any sum greater than \$850,000, which is considerably less than the total value of the properties devoted to the public use.

Based upon the figures presented by applicant the operations for the period of twelve months ending November 30, 1925, resulted in a net return of approximately 5.2% upon the investment. According to the testimony of F. M. Faude the cost of pumping water based upon actual expenses including depreciation and interest return upon pumping equipment, amounted to 7.8¢ per 100 cubic feet.

From a consideration of the evidence it appears that very few consumers are affected by this proposed change in rates and that the discontinuance of the existing rate for all water delivered in excess of 5,000 cubic feet is not unreasonable and will not result in the applicant earning an unreasonable return upon its investment.

#### ORDER

Belvedere Water Corporation having made application for authority to omit the rate of six cents per 100 cubic feet for water from its present rate schedule, a public hearing having been held thereon, the matter having been submitted and the Commission now being fully informed thereon,

It Is Hereby Found as a Fact that the rate of six cents

per 100 cubic feet charged by the Belvedere Water Corporation for water delivered to its consumers in and in the vicinity of Belvedere Gardens, Los Angeles County, is unjust and unreasonable.

Basing the order upon the foregoing finding of fact and upon the further statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that the Belvedere Water Corporation, a corporation, be and it is hereby authorized to discontinue the rate of six cents per 100 cubic feet for all water in excess of 5,000 cubic feet per month, delivered to its consumers on and after April 1, 1926, and to file with this Commission within twenty (20) days from the date of this order the rate of twelve cents per 100 cubic feet for all water delivered to its consumers in excess of 5,000 cubic feet per month on and after said date.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

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 16th day of March, 1926.

W. P. ...  
...  
...  
Leon ...

Commissioners.