

Decision No. 16486.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LIBERTY ACRES WATER COMPANY)
for permission authorizing installa-) Application No. 11756.
tion of meters and fixing rates to)
be charged for meter service.)

John V. Morris, for applicant.

Frank A. Martin, for consumers.

WHITSELL, Commissioner:

OPINION

Liberty Acres Water Company, a corporation, applicant in the above entitled proceeding, is engaged in the public utility business of supplying water for domestic and other purposes to consumers living in a district known as Liberty Acres, near the town of Hawthorne, in Los Angeles County. The application alleges in effect that water is now being sold under flat rates, which has resulted in many consumers using large amounts for irrigation purposes; that certain of the consumers have become careless in the use of water and allow large quantities to run to waste, which is increasing the cost of operating the system. It is further alleged that the present operations of the system are being conducted at a loss. The Commission is therefore requested to authorize the installation of meters and establish the following schedule of rates for measured service.

METER RATES

Minimum monthly charge, for 400 cubic feet or less	\$1.50
Next 400 cubic feet, per 100 cubic feet.50
Next 1000 " " " " " "25
All over 2000 cubic feet, per 100 cubic feet15

A public hearing in this application was held in Los Angeles after all interested parties had been duly notified and given an opportunity to appear and be heard.

The water supply, which is obtained by pumping from a well with an electrically driven deep well pump, is delivered directly into the mains or stored in a redwood tank of 25,000 gallons capacity, from which distribution is made by gravity. The distribution system consists of approximately 44,800 feet of 4 and 6 inch fourteen gauge riveted steel pipe and 2 inch standard screw pipe. For the year 1925 there was an average of 67 active consumers served by this system, showing 669 feet of main per consumer, indicating a sparsely settled service area or an overbuilt system.

The rates now in effect on this system were established by the Commission in Decision No. 13926, dated August 16, 1924, granting this company a certificate of public convenience and necessity to operate, and are as follows:

FLAT RATES

For 3/4 inch service	\$1.50 per month.
For 1 inch service	3.00 " "

A report was submitted by D. E. Harroun, one of the Commission's hydraulic engineers, in which the original cost of the used and useful properties of applicant's water system was estimated to be \$35,026 as of December 31, 1925, with a corresponding depreciation annuity of \$944, based upon the 5 per cent.

sinking fund method. The maintenance and operating expenses for the year 1925 as shown by the books of the company were \$1,316. However, the records were incomplete and did not include such items as taxes, supervision, office and commercial expenses. The Commission's engineer recommended the sum of \$1,710 as reasonable for the annual costs of operation and maintenance for the immediate future. The revenues for the year 1925 were \$1,278.

The evidence shows that the property known as Liberty Acres was subdivided and placed upon the market by Ole Hanson. The Liberty Acres Water Company, a corporation, was organized on or about August 22, 1923, for the purpose of supplying the subdivision with water. The water system was installed during the same year. On August 16, 1924, the Commission issued its Decision No. 13926 granting this water company a certificate of public convenience and necessity to operate. The evidence shows that this system is designed to furnish water to a much greater population than is now served. The plant and system are greatly overbuilt so far as present needs are concerned. This company is now in the development stage and therefore cannot reasonably expect the present consumers to stand the prohibitive burden of rates sufficient to pay a return upon the amount of capital invested over and above operating and depreciation costs. The rate set out below compares favorably with the rates now charged by other small water utilities operating in the general vicinity under similar conditions, and with the exercise of proper economies and the installation of meters should provide revenues to the company which under existing circumstances will be fair and reasonable.

Complaint was made by certain consumers that the water furnished by applicant at times is highly discolored and gives

off an offensive odor. The State Board of Health has reported that the water is potable and not contaminated or injurious to health. Investigation developed the fact that the odor is caused by sulphur and the discoloration by permitting water to stand in the pipe lines for a considerable length of time without circulation. Dead ends on the distribution mains should be eliminated as rapidly as the finances of the company will warrant. Applicant will be expected to flush out systematically and thoroughly its mains at such frequent intervals as are necessary to remedy the discoloration and odors complained of. In case the flushing of the mains should prove insufficient to remove entirely the unpleasant odors, it will be incumbent upon the company to install a system for the aeration of the water as it comes from the well and before being delivered into the mains.

The following form of order is submitted:

O R D E R

Liberty Acres Water Company having made application as entitled above, a public hearing having been held thereon and the matter having been submitted,

It Is Hereby Found as a Fact that the rates now charged by the Liberty Acres Water Company for water supplied to its 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 the service rendered; and basing its order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the Liberty Acres Water Company be and it is hereby authorized and directed to file with

the Railroad Commission within twenty (20) days from the date of this order the following rates for water delivered to its consumers, said rates to be charged for all water delivered on and after May 1, 1926:

MONTHLY FLAT RATES

For 3/4 inch service	\$1.50
For 1 " "	3.00

METER RATES

Minimum Monthly Charges

5/8 by 3/4 inch meters	\$1.50
3/4 " "	2.00
1 " "	3.25
1 1/2 " "	5.00
2 " "	7.00

Each of the foregoing "minimum monthly charges" will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out as follows:

Monthly Meter Rates

From 0 to 1500 cubic feet, per 100 cu.ft. .	\$0.25
From 1500 to 2500 " " " " " " . .	.20
Over 2500 " " " " " " . .	.15
Fire Hydrants, each per month.50

IT IS HEREBY FURTHER ORDERED that the Liberty Acres Water Company be and it is hereby directed to file with the Railroad Commission within thirty (30) days from the date of this order, rules and regulations governing the service of water to its consumers, said rules and regulations to become effective upon their approval by the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that the Liberty Acres Water Company flush the mains of this system at such intervals as will assure a pure, clean and unoffensive supply of water to its consumers.

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 13th day of April, 1926.

H. B. Burdick
C. Leary
Edward J. ...
Leon ...

Commissioners.