

ORIGINAL

Decision No. 19218

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
C.J. BACKUS & SONS, for Order Author-
izing Raising Water Rates.

Application No. 13965.

R.L. Backus, for Applicant.

Smith Doudna, for Consumers.

BY THE COMMISSION:

O P I N I O N

In the above entitled application, C.J. Backus & Sons, operating a public utility water system supplying domestic water to the residents of Tract No. 4613 and six acres of lands of A.B. Chapman Estate, Los Angeles County, asked for authority to increase the water rates. Applicant alleged in effect that the present rates are inadequate and do not produce sufficient revenue to cover the cost of operating the system.

A public hearing was held in the above entitled proceeding before Examiner Williams at Los Angeles, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The testimony shows that this water system was installed in 1922 to aid in the sale of lots in Tract No. 4613, Los Angeles County, and in addition thereto also serves consumers residing in a section of the A.B. Chapman Estate. The schedule of rates now

in effect is as follows:

MINIMUM MONTHLY RATES

For 500 cubic feet-----\$1.00
 For all in excess of 500 feet,
 per 100 cubic feet----- .11

The water supply is obtained from a well located at the highest point in the area served and is pumped into two storage tanks having a combined capacity of 30,000 gallons. The water is then distributed by gravity through 5,600 feet of mains, varying from two to four inches in diameter, to 65 consumers. All service connections are metered.

Applicant submitted a statement showing the capital invested as of July 1, 1927, maintenance and operating expense and revenue, covering the twelve months' period from June 1, 1926, to June 1, 1927. F.H. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report containing an appraisalment of the properties and an analysis of the costs of operation and maintenance. A comparison of the figures submitted is given below.

	By Applicant	By Van Hoesen
Fixed Capital installed July 1, 1927	\$11,814.	\$ 12,555.
Fixed Capital installed October 1, 1927		
Maintenance and Operating Expense, June 1, 1926, to June 1, 1927	1,125.	
Maintenance and Operating Expense, 1927		1,264.
Maintenance and Operating Expense, Estimated Future		1,385.
Operating Revenue, June 1, 1926, to June 1, 1927	1,282.	
Operating Revenue, 1927		1,358.
Depreciation, 5% Straight Line	500.	
Depreciation, 5% Sinking Fund		322.

The evidence shows that the cost of a new pump, amounting

to \$400., was omitted from the figures presented by applicant; in making adjustment for this item, there is very little difference in the corresponding figures set out above. In view of these circumstances, the report of the Commission's engineer will be accepted for the purposes of this proceeding. The estimated revenues for 1927 amount to \$1,358. and the operating expenses for the same period are \$1,264. It is apparent that the present rates do not yield sufficient return to equal operating costs, including depreciation, and applicant therefore is entitled to an adjustment of rates.

The evidence shows that in certain sections of the system the service has frequently been poor and inadequate, due principally to pipe lines too small in diameter for the demands of the users. Applicant will be required to adopt immediate measures to relieve this condition and should further complaint be had from this source, the Commission will take whatever steps may be necessary to improve service, even to the extent of cancelling the rates herein established. Applicant shall also install a bookkeeping system and keep an accurate and complete record of all his utility business, as set out and specified in the Commission's Uniform Classification of Accounts for Water Companies.

The territory served is now built up to approximately eighty per cent of the maximum development and further expansion of business in the future cannot be great but will depend largely upon the possible cutting up of some of the present lots into smaller parcels.

The rates established in the following order compare favorably with the rates of similar systems operating in the

general vicinity and should yield operating and maintenance expenses, depreciation and also a return upon the capital invested, reasonable under existing conditions.

O R D E R

C.J. Backus & Sons having made application as entitled above, a public hearing having been held thereon, and the Commission being now fully advised in the matter,

It is hereby found as a fact that the rates now charged by C.J. Backus & Sons for water delivered to consumers on Tract No. 4613 and in the vicinity thereof in Los Angeles County, 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 its order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that C.J. Backus & Sons be and they are hereby directed to file with this Commission, within thirty (30) days from the date of this order, the following schedule of rates to be charged for all water service rendered on and after the 1st day of February, 1928.

MINIMUM MONTHLY METER CHARGES

5/8 x 3/4-inch Meter-----	\$1.50
3/4-inch Meter-----	2.00
1-inch Meter-----	3.00
1½-inch Meter-----	5.00
2-inch Meter-----	8.00
3-inch Meter-----	15.00

Each of the foregoing "Minimum Monthly Meter Charges" will entitle the consumer to the quantity of water which that minimum charge will purchase at the following "Monthly Meter Quantity Rates."

MONTHLY METER QUANTITY RATES

From 0 to	600 cubic feet, per 100 cubic feet--	\$.25
Next	2,400 cubic feet, per 100 cubic feet--	.20
Next	2,000 cubic feet, per 100 cubic feet--	.15
Next	20,000 cubic feet, per 100 cubic feet--	.10
All over	25,000 cubic feet, per 100 cubic feet--	.07

IT IS HEREBY FURTHER ORDERED that C.J. Backus & Sons be and they are hereby directed to file with the Commission, within thirty (30) days from the date of this order, rules and regulations covering their relations with their consumers, such rules and regulations to become effective upon their acceptance for filing by this Commission.

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

Dated at San Francisco, California, this 9th day of January, 1928.

Leon Whitall
Chairman

W. J. Conroy

Commissioners.