

ORIGINAL

Decision No. 19449

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Mentone Water Company, for authority to increase the Rates for Water supplied to the unincorporated Village of Mentone, and contiguous territory.

Application No. 14008.

Earl D. Finch, for Applicant.

G.L. Nichols, for Consumers.

BY THE COMMISSION:

O P I N I O N

The Mentone Water Company, a corporation, applicant in the above entitled proceeding, is engaged in the public utility business of supplying water for domestic and irrigation use in and in the vicinity of Mentone, San Bernardino County, California.

Applicant alleges in effect that its present rates, established by this Commission in its Decision No. 14047, dated September 12, 1924, are:

Monthly Flat Rate for Domestic Service-----\$1.75

Meter Rates:

Monthly charge for 1,500 cubic feet, or less-----\$1.50
For each additional 100 cubic feet, per month----- .05;

that applicant is serving a community adjacent to the City of Redlands; that a large number of the consumers served are people living on small tracts of from one-half to two and one-half acres of land; that the City of Redlands, through its municipal water

system, is serving in territory adjacent to that of applicant; that applicant is constantly receiving inquiries for explanation as to why its rates differ from those charged by the City of Redlands. The Commission, therefore, is requested to authorize applicant to charge the same schedule of rates now in effect on said municipal water system.

A public hearing in this matter was held before Examiner Williams at Redlands after all interested parties had been duly notified and given an opportunity to appear and be heard.

The water supply of this utility is obtained from the East Lugonia Water Company, a mutual water company in which applicant owns stock entitling it to six miner's inches continuous flow, one miner's inch being the equivalent of 1/50 second foot. Connection for stand-by purposes is also maintained with a well and pumping plant owned by G.W. Royce. Delivery is received from the East Lugonia system to the Mentone Water Company's reservoir, from which the water is distributed by gravity through approximately 30,750 feet of mains ranging from eight to one inch in diameter. The average number of consumers during the year 1927 was 133, or approximately 231 feet of main per consumer. The system is one hundred per cent metered.

D.E. Harroun, one of the Commission's hydraulic engineers, presented a report in which the estimated original cost of the physical properties as of December 31, 1927, was found to be \$19,544., the depreciation annuity \$356. and the estimated reasonable cost of maintenance and operation for the immediate future \$2,221.

The operating revenues and expenses as shown by this company's annual reports to the Railroad Commission for the years 1925 and 1926 are as follows:

	1925	1926	1927 Dec. 1, 1926 to Dec. 1, 1927
Revenues	\$1,977.	\$2,695.	\$3,563.
Expenses	<u>1,090.</u>	<u>1,452.</u>	-
Difference	\$ 887.	\$1,243.	-
Depreciation carried by company	<u>590.</u>	<u>687.</u>	
Net Revenues	\$ 297.	\$ 556.	
Depreciation--Commission's Engineer	\$ 260.	\$ 300.	

Analysis of the records of operating expenses kept by the utility indicates that the charges as set out above are incomplete and that the amount charged to depreciation is unreasonably large. Using the figures presented by the Commission's engineers, the operations for the year 1927 will result in a net return slightly in excess of five per cent on the invested capital of \$19,544.

Although there was no objection made at the hearing to an increase in rates and it is apparent that a slight adjustment of the company's rate schedule is not unreasonable, yet it is clear that the rates charged by the City of Redlands are not wholly applicable to this system and would result in an unwarranted increase in the cost of water to the consumers for domestic service on the utility's system. The minimum monthly charge for domestic service will remain unchanged but the quantity rates in excess of the 1,500-foot monthly minimum

quantity will be modified to permit competition with the rates charged for irrigation purposes by adjacent systems.

O R D E R

Application having been made to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by the Mentone Water Company, a corporation, for water supplied to its consumers in and in the vicinity of Mentone, San Bernardino 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 to be charged for the service rendered.

Basing its Order on the foregoing findings of fact and upon the further statement of facts contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that the Mentone Water Company, a corporation, be and it 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 all service rendered on and after the First day of April, 1928.

MONTHLY FLAT RATE

Domestic Service-----\$1.75

METER RATES

Monthly Meter Quantity Rates:

From 0 to 1,500 cubic feet-----\$1.50
 Next 13,500 cubic feet, per 100 cubic feet----- .08
 All in excess of 15,000 cubic feet, per 100 cubic feet---- .03½

METER RATES (Con.)

Monthly Minimum Meter Charges:

5/8 or 3/4-inch meter-----	\$ 1.50
1-inch meter-----	2.00
1 1/2-inch meter-----	2.50
2-inch meter-----	4.00
3-inch meter-----	10.00
4-inch meter-----	12.50

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum will purchase at the "Monthly Minimum Meter Charges" set out above.

For meters 2 inches, or larger, the consumer shall pay the reasonable cost thereof, including installation.

IT IS HEREBY FURTHER ORDERED that the Mentone Water Company, a corporation, be and it is hereby directed to file with this 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.

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 10th day of March, 1928.

C. Seamy

Thos. W. Loutch

M. J. [unclear]

 Commissioners.