

Decision No. 21829

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
the Sunset Land and Water Company for
order authorizing an increase in water
rate and extension of service.

Application No. 15745.

C.R. Lion and H.R. Smith, for Applicant.

George W. Bush, for Chamber of Commerce
of Sunset Beach.

J.A. Armitage, Don R. Pickett, E.H. Diehl
and B.H. Rucker, in propria persona.

BY THE COMMISSION:

O P I N I O N

Sunset Land and Water Company, a corporation, supplying water to residents in and in the vicinity of Sunset Beach, Orange County, has petitioned the Railroad Commission for authority to increase the rates for water service and to extend its water system into adjacent territory. The applicant alleges that the present rates do not produce sufficient revenue to provide a reasonable return on the investment.

A public hearing on this application was held before Examiner Gannon at Los Angeles.

Sunset Land and Water Company was incorporated in 1904 for the purpose, among other things, of appropriating and developing water to aid in the sale of lots in the territory it was subdividing in what is known as the Sunset Beach District, Orange County.

The rate in effect on this system, which is \$1.00 per month per consumer, was adopted by this company and put into effect in 1908, which was prior to the passage of the Public Utilities Act.

The water is obtained from a deep well and is pumped into a storage tank from which it is distributed by gravity to the consumers through approximately 23,172 feet of main varying from one to six inches in diameter. There are approximately 200 houses built in the area served, which consists of 600 lots, of which applicant now has 170 active service connections. The testimony indicates that approximately forty per cent of the residents occupy their property the entire year.

At the hearing reports and appraisals of the system were submitted by Mr. C.R. Lion, Secretary of the company, and F.H. Van Hoesen, one of the Commission's hydraulic engineers. Both appraisals are based on estimated original cost of the system, practically all of which has been replaced since May, 1925. In the following tabulation is set out a summary of the above appraisements, together with operating revenue and expenses, depreciation and the results of operation based thereon.

	: Lion	: Van Hoesen
	: June 1, 1929	: August 1, 1929
Estimated Historical Cost	\$23,273.00	\$23,472.00
Replacement Annuity, 5% S.F.	-	639.00
Depreciation, 5% Straight Line	1,008.00	-
Maintenance & Operating Cost, 1928	-	1,174.00
Maintenance & Operating Cost, (Future)	3,740.00	3,130.00
Operating Revenue, 1928, (Est.)	2,040.00	2,040.00
Operating Revenue, (Future)	2,400.00	2,400.00

The evidence indicates that the sum of \$23,500. is a reasonable rate base for the purpose of this proceeding and that

a fair allowance for annual maintenance and operation expense for the immediate future including depreciation is \$3,769.00.

The figures set out above show that the distribution of water on this system under present charges may be expected to result in an operating deficit in excess of \$1,300.00 per year. It is evident therefore that applicant is entitled to an adjustment in the present rate schedule. Due consideration and proper allowance will be made for the annual increase in business resulting from the growth of the territory and also from the proposed extension into the new territory which applicant desires to supply with water. This new area lies immediately adjacent to that now served by applicant and the evidence indicates that the service to present consumers will not be impaired by so doing. No franchise is necessary in this instance as the entire tract will be piped before the streets and alleys will be dedicated to the public.

O R D E R

Sunset Land and Water Company, a corporation, having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require that Sunset Land and Water Company, a corporation, extend its water system for the purpose of supplying water for domestic and irrigation purposes on a tract immediately adjoining it on the north, known and recorded in the County Recorder's office of Orange County as Surf Side Colony, containing some 46 acres, more or less, of land.

It is hereby found as a fact that the rates and charges of Sunset Land and Water Company, a corporation, for water delivered to its consumers, in so far as they differ from the rates herein established, are unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged for the service rendered, and

Basing this order upon the foregoing findings of fact and on the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Sunset Land and Water Company, a corporation, be and it is hereby authorized and 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 service rendered subsequent to the ___ day of _____, 1929.

: Flat Rate Schedule :

		: For Each Addi-:	
		: tional Month :	
		: in Calendar :	Annual Rate :
	: For 6-Months' :	Year in Excess:	for Entire :
	: Term Payable :	of 6-Months' :	Year Payable:
	: in Advance :	Term :	in Advance :

Dwelling of not over four rooms occupied by single family or business	\$12.00	\$1.50	\$18.00
For each additional room	2.00	.25	3.00

: Meter Rates:

5/8-inch meter	\$12.00	\$1.50	\$18.00
3/4-inch meter	18.00	2.25	27.00
1-inch meter	24.00	3.00	36.00
1 1/2-inch meter	36.00	4.50	54.00
2-inch meter	72.00	9.00	108.00

NOTE: Any consumer is entitled to metered service upon application therefor and the utility may meter any and all service connections.

Meter Quantity Rates

From 400 to 1,000 cubic feet, per 100 cubic feet-----	\$0.40
Next 1,500 cubic feet, per 100 cubic feet-----	.35
All over 2,500 cubic feet, per 100 cubic feet-----	.25

The minimum charges shall entitle the consumers to 400 cubic feet of water per month for each month of the six months' and twelve months' terms, and for all minimum charges in excess of \$12.00; such excess amount shall, in addition to the above 400 cubic feet per month, entitle the consumer to that amount of water which said excess amount will purchase at the quantity rates set out above. All water in excess of 400 cubic feet per month shall be charged for monthly under the above meter quantity rates.

IT IS HEREBY FURTHER ORDERED that Sunset Land and Water Company, a corporation, be and it is hereby directed to file with the Railroad Commission of the State of California, within thirty (30) days from the date of this order, rules and regulations governing its relations with its consumers, said rules and regulations to become effective upon their acceptance for filing 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 4th day of October, 1929.

Thos D. Lott

Chas. A. Sawyer

Ernest R. Smith

Leon A. White

W. L. ...
Commissioners.