

Decision No. 21830

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
GLORIA GARDENS WATER COMPANY for per-  
mission to increase rates.

Application No. 15885.

Frank Merkle, Jr., for Applicant.

G.W. French, for Consumers.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

Frank Merkle and Frank Merkle, Jr., doing business under the fictitious name of Gloria Gardens Water Company, supplying water to residents of Tracts Nos. 5501, 8898, 9613 and 10341, Los Angeles County, have petitioned the Railroad Commission for authority to increase the rates for water service. 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 Long Beach.

The two partners above noted owned and subdivided a portion of the territory now supplied with water. To aid in the sale of lots, a water system was installed which recently has been extended to supply adjacent territory.

The rates in effect on this system were authorized by this Commission in its Decision No. 18504, dated June 14, 1927, and are as follows:

METER RATESMonthly Minimum Charges:

5/8-inch meter-----	\$1.25
3/4-inch meter-----	1.75
1-inch meter-----	2.50
1 1/2-inch meter-----	3.50
2-inch meter-----	6.00

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

Monthly Quantity Rates:

0 to 500 cubic feet, per 100 cubic feet-----	\$0.25
500 to 1,500 cubic feet, per 100 cubic feet-----	.20
1,500 to 5,000 cubic feet, per 100 cubic feet-----	.15
5,000 to 10,000 cubic feet, per 100 cubic feet-----	.12
All over 10,000 cubic feet, per 100 cubic feet-----	.10

MONTHLY FLAT RATES

For each house on one lot-----	\$1.00
For dairy barns-----	2.00
Additional for each head of stock-----	.15
School-----	3.00

The water is obtained from a deep well and is pumped into a pressure tank acting as storage and pressure regulator and distributed to the present 200 consumers through approximately 24,460 feet of main varying from two to six inches in diameter.

At the hearing, reports and appraisals of the system were submitted by Frank Merkle, Jr., on behalf of applicant, and by F.H. Van Hoesen, one of the Commission's hydraulic engineers. Both appraisals are based on estimated original cost of the system. 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.

	Merkle :Oct.1,1929:	Van Hoesen :Oct.1,1929:
Estimated Historical Cost	\$13,363.46	\$15,602.00
Replacement Annuity, 5% Sinking Fund	-	393.36
Depreciation, 5% Straight Line	545.44	-
Maintenance & Operating Cost - 1928	-	1,081.74
Maintenance & Operating Cost - 6 mos. 1929	-	651.16
Maintenance & Operation - Estimated Reasonable	-	1,683.00
Operating Revenue - 1928	-	1,519.10
Operating Revenue - 10 mos. 1929	1,643.40	1,643.40
Operating Revenue - Est. 1929	2,000.00*	2,000.00

NOTE: \*Testimony.

The testimony of Mr. Merkle, on behalf of applicant, shows that he proposes to install a high tank to give better pressure and storage capacity, which will cost approximately \$5,210. and, as this will be installed immediately, it may be properly included in a rate base at this time. The evidence indicates the rate base may be considered to be \$20,000. for the purposes of this proceeding. A fair allowance for annual maintenance and operation expenses for the immediate future, including depreciation, is \$2,076.

The figures set out above show that the distribution of water on this system under the present rates may be expected to result in an operating deficit in excess of \$1,600. per year. It is evident, therefore, that applicant is entitled to an adjustment in the present rate schedule.

A petition was filed by a number of consumers objecting to the meter rates and asking that they be permitted to pay a flat rate of \$1.50 per month. Applicant has not asked for an increase in its present meter rates but desires that they remain in force in order to provide a means to curtail any possible excessive use or waste of water which might occur at some

time in the future.

O R D E R

Frank Merkle and Frank Merkle, Jr., operating under the fictitious firm name and style of Gloria Gardens Water Company, 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,

It is hereby found as a fact that the rates and charges of Gloria Gardens Water Company 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 its 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 Frank Merkle and Frank Merkle, Jr., doing business under the fictitious name of Gloria Gardens Water Company, be and they are 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 30<sup>th</sup> day of November, 1929:

METER RATES

Monthly Minimum Charges:

5/8-inch meter-----	\$ 1.25
3/4-inch meter-----	1.75
1-inch meter-----	2.50
1 1/2-inch meter-----	3.50
2-inch meter-----	6.00

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

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5,000 to 10,000 cubic feet, per 100 cubic feet-----	.12
All over 10,000 cubic feet, per 100 cubic feet-----	.10

MONTHLY FLAT RATES

For service from 3/4-inch connection:

One house per lot-----	\$ 1.50
For each additional house on one lot-----	1.00
For school house-----	10.00
For stock per head-----	.25
For fire hydrant owned by county-----	1.50
For puddling or settling ditch, per 100 cubic feet measured as one-half the volume of excavation-----	.25
For cement sidewalks, per 100 square feet-----	.20
For cement curbs, per 100 lineal feet-----	.40
For cement gutters, per 100 lineal feet-----	.40
For street grading and paving with macadam or asphalt, without concrete base, per 100 square feet-----	.06
For street grading and oiling, per 100 square feet-----	.06
For concrete street paving or concrete base for any variety of paving, per 100 square feet, including grading-----	.40

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 26 day of

November, 1919.

Thomas J. Quinn  
Commissioner  
James J. Quinn  
Commissioner  
Commissioners.