

**ORIGINAL**Decision No. 23218

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 AMERICAN STATES WATER SERVICE COMPANY  
 OF CALIFORNIA for an order establish-  
 ing metered rates in the communities  
 of Cypress and Stanton.

Application No. 16846.

Paul Overton and W.C. Kennedy,  
 for Applicant.

BY THE COMMISSION:

O P I N I O N

American States Water Service Company of California, a corporation engaged among other things in the business of distributing and selling water for domestic purposes to the residents of the unincorporated towns of Cypress and Stanton, Orange County, alleges that its present rate schedules in these two communities provide only for flat rate charges which has promoted excessive waste of water and has resulted in discrimination against those consumers who are careful in the use of water and those consumers requiring only small quantities of water. It is further alleged that the present rates are unjust and unreasonable in that they do not produce a fair return upon the company's investment in the water works properties. The Railroad Commission therefore is asked to establish a metered rate that will yield a reasonable return upon the fair value of its utility properties.

A public hearing in this proceeding was conducted by Examiner Satterwhite at Los Angeles on November 20, 1930.

The rates now in effect in both Cypress and Stanton are as follows:

MONTHLY FLAT RATE

For each residence and lot--\$1.50

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C.P. Harnish, Chief Engineer for applicant company, presented an estimate of the original cost of the systems as of November 1, 1930, together with data setting forth operating expenses and revenue, a summary of which is set out below.

CYPRESS SYSTEM

Estimated Original Cost, November 1, 1930-----	\$20,295.05
Depreciation, 6% Sinking Fund-----	363.29
Estimated Maintenance & Operating Expense, 1930--	1,361.22
Estimated Revenue, 1930-----	1,708.85
Rate of Return on \$20,295.05-----	-.06%

STANTON SYSTEM

Estimated Original Cost, November 1, 1930-----	\$23,231.83
Depreciation, 6% Sinking Fund-----	544.38
Estimated Maintenance & Operating Expense, 1930--	1,837.50
Estimated Revenue, 1930-----	3,214.26
Rate of Return on \$23,231.83-----	3.5%

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The estimates presented above were checked by the engineers of the Commission and found to be fair and reasonable and to reflect substantially the present results of operation of these two systems. They will therefore be accepted for the purposes of this proceeding.

The evidence indicates that the costs of pumping and distributing water in this somewhat sparsely settled territory are

such that the sale of water cannot be accomplished at a reasonable profit under existing flat rate charges. The establishment of a measured rate should result in reducing to a considerable extent the costs of pumping through the elimination of carelessness and wastefulness in the use of water and will at the same time remove any existing unfair discrimination through the use by certain consumers of excessively large quantities of water to the detriment of the smaller water users. The meter rates proposed by applicant are lower than those in effect on other systems which it also operates under similar conditions in the general surrounding territory.

There were no protests against the establishment of a measured basis of charging or against the rate schedule suggested and, as this schedule appears to be just and reasonable under existing circumstances and conditions, it will be authorized in the following Order.

#### O R D E R

American States Water Service Company of California, 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,

It is hereby found as a fact that the rates and charges of American States Water Service Company of California for water delivered to its consumers in and in the vicinities of the towns of Cypress and Stanton, 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 upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that American States Water Service Company of California 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 to its consumers in and near the towns of Cypress and Stanton in Orange County, subsequent to the thirty-first day of December, 1930.

MINIMUM MONTHLY CHARGES

For 5/8-inch meter-----	\$1.50	per month
For 3/4-inch meter-----	2.00	per month
For 1-inch meter-----	3.00	per month
For 1 1/2-inch meter-----	6.00	per month
For 2-inch meter-----	9.00	per month
For 3-inch meter-----	16.00	per month
For 4-inch meter-----	25.00	per month

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

MONTHLY METER RATES

0 to 1,000 cubic feet----	\$.25	per 100 cubic feet
1,000 to 3,000 cubic feet----	.20	per 100 cubic feet
3,000 to 6,000 cubic feet----	.15	per 100 cubic feet
All over 6,000 cubic feet----	.12	per 100 cubic feet

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 29th day of December, 1930.

[Signature]  
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 Commissioners.