

Decision No. 23575.**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
MATT RILEY, et al, doing business
under the fictitious name of Home
Acres Water Company, for an Order
authorizing increase of rates for
sale of water.

Application No. 17031.

Nichols, Cooper & Hickson, by A. L. Hickson,
for Applicant.
E. W. Stoltenberg, for Consumers.

BY THE COMMISSION:

O P I N I O N

Home Acres Water Company is owned and operated by a group of approximately twenty share-holders who organized the company as a mutual water company. This concern is engaged in the business of distributing and selling water for irrigation purposes to its share-holders located on a tract known as Home Acres and to other water users in territory adjacent thereto and within the city limits of Pomona, Los Angeles County. The application alleges that the present rate schedule does not produce a reasonable return on applicants' investment after the payment of all legitimate charges and expenses. The Railroad Commission is, therefore, asked to establish an increased rate for water service.

A public hearing in this proceeding was conducted by Examiner Satterwhite at Pomona on February 5, 1931.

In Decision No. 22272, dated April 1, 1930, Home Acres Water Company was declared to be a public utility by this Commission

as to its service of water to consumers residing outside and beyond the 36-acre tract known as Home Acres, and for such service there was established therein a rate of \$1.25 per hour for the full flow of the pump. The applicants request this charge to be increased to \$2.25 per hour.

Water is obtained from a deep well, located some distance from the Home Acres Tract, and pumped directly into the transmission mains from which it is delivered through pipe lines owned by the consumers. It is impossible to segregate in any practical manner that portion of the water system supplying public utility service from that part serving the share-holders within Home Acres Tract. For the purpose of this proceeding, the entire system will be considered as a single entity with the understanding that the rates herein authorized will apply only to those water users receiving public utility water service.

At the hearing, applicants submitted evidence by Ira Lee and B. C. Smith in support of the reports attached to the application herein and marked Exhibits "A" and "C". F. H. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report and appraisal of the system based on the estimated original cost. In the following tabulation is set out a summary of these reports, together with the costs of operation and revenues collected therefrom:

	Company		
	Smith	Lee	Van Hoesen
Estimated Reproduction Cost Depreciated, Less Water Rights.....	\$ -	\$ 6,531.75	\$ -
Estimated Original Cost.....	-	-	5,825.00
Water Rights.....	-	28,150.00	-
Maintenance & Operating Expense Jan. 1, to Sept. 30, 1930.....	1,246.48	-	-
Maintenance & Operating Expense for 1930.....	-	-	1,487.86
Estimated Future Expense.....	-	-	1,460.00
Operating Revenue, Jan. 1 to Sept. 30, 1930.....	1,783.59	-	-
Operating Revenue, 1929.....	-	-	1,890.75
Operating Revenue, 1930.....	-	-	1,779.79
Replacement Annuity.....	188.25	-	224.00
Interest Return, 1930.....	-	-	1.1%
Interest Return, Future.....	-	-	1.6%

Applicants, through the testimony of Mr. Lee, claim a present value of \$28,150.00 for water rights, while the testimony of F. H. Van Hoesen is to the effect that there was no out-of-pocket cost in the acquisition of the underground water rights other than the value of the land upon which the well is located. The testimony clearly shows that water is now being pumped from wells by parties other than applicants, generally throughout the service area of this utility and the vicinity thereof, in quantities at least equal to that obtained by applicants. No evidence was presented to this Commission showing that the use of water from other wells in the territory had diminished the yield of water from applicants' well, or interfered with its continued operation. Neither is there anything in the record indicating that this company has ever obtained any adjudicated prescriptive right to any of its underground waters. Under these circumstances, it is clear that the applicants have not established and therefore are not entitled to include in the rate base, upon which the consumers should be required to pay a return, any additional or separate value for their rights to pump water from underground sources other than those values already included in the lands as water bearing. Therefore the sum of \$6,000.00 appears to be a reasonable rate base for the purposes of this proceeding. The foregoing figures indicate that the operations for the year 1931, under present rates, may be expected to result in a net return of less than One Hundred Dollars. Under existing circumstances, it is apparent that applicants are entitled to a slight readjustment in the present rate schedule which will therefore be provided for in the following order.

O R D E R

Home Acres 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 Home Acres 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

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

IT IS HEREBY ORDERED that Home Acres Water Company, a co-partnership, 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 30th day of April, 1931:

IRRIGATION WATER

For full flow of pump, kept in good repair, per hour..... \$1.50

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 6th day of April, 1931.

C. Seaver
Leon Whitely
M. J. Lee
M. B. Kavin
Fred G. Stewart
 Commissioners.