

Decision No. 24573

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
T.J. Nestor to sell and American States
Water Service Company of California to
buy that certain public utility water
system installed in Tracts No. 6627 and
7148 in the County of Los Angeles, State
of California and for an order establish-
ing water rates in said Tracts.

ORIGINAL

Application No. 17887.

W.C. Kennedy, for applicants.

BY THE COMMISSION:

O P I N I O N

In the above entitled application T.J. Nestor, operating a public utility water system supplying water to the residents of Tracts Nos. 6627 and 7148, Los Angeles County, asks for authority to sell and transfer his public utility water system to the American States Water Service Company of California, a corporation, which joins in the application and requests authority to purchase and establish the same metered rate for service rendered therein as heretofore established by the Commission applicable throughout adjacent territory known as Midway Park Tract No. 9897, also supplied by said corporation.

A public hearing in this matter was held before Examiner Satterwhite at Los Angeles on January 29, 1932.

The evidence shows that this water system was originally installed by T.J. Nestor to aid in the sale of lots in Tracts Nos. 6627 and 7148, Los Angeles County, and was transferred to one

Samuel Gerson who obtained a certificate of public convenience and necessity to operate a public utility water works in an area including the above two tracts as well as certain others in Decision No. 14630, dated March 5, 1925. Later the utility property was acquired by T.J. Nestor through authority granted in Decision No. 21775, dated November 12, 1929.

The present rate schedule, established in Decision No. 14630, is as follows:

RATES

Monthly Flat Rates:

| | |
|----------------------------------------------------------------------------------------------------------|--------|
| For residence----- | \$1.50 |
| For each garage with one automobile----- | .25 |
| For each additional automobile----- | .15 |
| For each barn, including one horse or cow----- | .15 |
| For each additional horse or cow----- | .15 |
| For sprinkling or irrigating lawns or gardens, per 100 square feet of surface actually irrigated----- | .05 |

Monthly Meter Rates:

| | |
|-----------------------------------------------------------|--------|
| 800 cubic feet, or less----- | \$1.50 |
| 800 to 1,200 cubic feet, per 100 cubic feet---- | .20 |
| All in excess of 1,200 cubic feet, per 100 cubic feet---- | .15 |

Meters may be installed at the option of the utility or the consumer. If installed at the option of the utility, the entire cost of same shall be borne by the utility. If installed at the option of the consumer, the consumer shall deposit with the utility the sum of \$15.00, which sum shall be returned to the consumer at the rate of 50 per cent of the water bill each month until the entire amount deposited shall have been returned.

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The schedule of rates which applicant American States Water Service Company of California, a corporation, desires to put into effect is as follows:

RATES

Monthly Minimum Charges:

| | |
|---------------------------|---------|
| For 5/8-inch meter----- | \$ 1.50 |
| For 3/4-inch meter----- | 1.75 |
| For 1-inch meter----- | 2.00 |
| For 1 1/2-inch meter----- | 4.00 |
| For 2-inch meter----- | 6.00 |
| For 3-inch meter----- | 12.00 |
| For 4-inch meter----- | 18.00 |

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 Meter Rates."

Monthly Meter Rates:

All classes of service except fire hydrant rentals.

| | |
|-----------------------------------------------------|---------|
| 0 to 600 cubic feet, per 100 cubic feet----- | \$ 0.25 |
| 600 to 2,000 cubic feet, per 100 cubic feet----- | .20 |
| 2,000 to 6,000 cubic feet, per 100 cubic feet----- | .15 |
| 6,000 to 10,000 cubic feet, per 100 cubic feet----- | .12 |
| All over 10,000 cubic feet, per 100 cubic feet----- | .10 |

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The evidence indicates that T.J. Nector is engaged in the real estate business and has been able to devote but very little time to the operation of this water system. Accordingly, on January 16, 1931, he entered into an agreement with the American States Water Service Company of California, a corporation, to sell the water system for one thousand dollars (\$1,000). The American States Water Service Company of California, a corporation, owns and operates a number of public utility water systems throughout the State, one of which supplies the residents of the adjoining Midway Park Tract No. 9897. The company proposes to consolidate the two water systems and operate them as one unit and, by so doing, can greatly improve the service through the additional facilities afforded.

Reports and testimony in connection with the value of this water system and costs of operation thereof, together with other data, were submitted by H.V. Anderson, General Superintendent, and

L.F. Alexander, an engineer representing applicants, and F.E. Van Hoesen, one of the Commission's hydraulic engineers. The following is a summary of this evidence:

| | : Anderson : | : Van Hoesen : |
|---------------------------------------------------|---------------|----------------|
| | : and : | |
| | : Alexander : | : Van Hoesen : |
| Estimated Original Cost | - | \$9,242 |
| Estimated Reproduction Cost | \$14,438 | - |
| Estimated Reproduction Cost Depreciated | 6,838 | - |
| Estimated Reasonable Maintenance and Operation | 510 | 604 |
| Estimated Depreciation | 581 | 255 |
| Number of Consumers (On Metered Rates) | - | - |
| Number of Consumers (On Flat Rates) | 37 | 35 |
| Revenue, approximate | - | \$ 630 |

000

The above figures indicate that the revenue received from this utility at present under flat rates does not quite equal the operation expenses including depreciation. There are no records available on which to base an estimate of the probable use under measured deliveries. However, compared with the experience of other utilities operating under similar conditions, under full metering the revenue will not be increased sufficiently to equal or exceed the above fixed charges. Applicant company has stated that it does not at this time desire a full return upon its investment.

In connection with the request of applicant American States Water Service Company of California to place in effect on Tracts Nos. 6627 and 7148, Los Angeles County, the regularly established meter rate in Midway Park Tract, the testimony indicates that the present meter rate established for the Nestor plant has never been charged nor put into effect and, while slightly lower than the rate now charged by the American States Water Service Com-

pany of California in the Midway Park territory, the difference is so small that it appears to be reasonable to substitute the rate of the purchasing company for the sake of uniformity and to prevent unfair discrimination among consumers receiving the same class of service. In view of the fact that the testimony submitted indicates that the request of the purchaser to establish its regular schedule of rates throughout its system will not create unreasonable rates as to its consumers residing on the above named tracts and that the service will be improved by the added protection of additional water and better pressure from Midway Park water system, the authority asked for will be granted.

O R D E R

T.J. Nestor and 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 being now fully advised in the premises,

It is hereby found as a fact that the rates and charges of T.J. Nestor for water delivered to the consumers on Tracts Nos. 6627 and 7148, Los Angeles County, 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 upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that T.J. Nestor be and he is hereby authorized to sell and transfer that certain public utility prop-

erty used in supplying water to the residents of Tracts Nos. 6627 and 7148, Los Angeles County, as more particularly described in the application herein and the exhibits attached thereto, to the American States Water Service Company of California, a corporation, which said company is hereby authorized to purchase and acquire said property, subject to the following terms and conditions:

1. The authority herein granted shall apply only to such transfer as shall have been made on or before the first day of June, 1932, and a certified copy of the final instrument of conveyance shall be filed with this Commission by said T.J. Nestor within thirty (30) days from the date on which it is executed.
2. Within ten (10) days from the date on which said T.J. Nestor actually relinquishes control and possession of the property herein authorized to be transferred, he shall file with this Commission a certified statement indicating the date upon which such control and possession were relinquished.
3. The consideration for the transfer herein authorized shall not be urged before this Commission or any other public body as a finding of value for rate-fixing or any purpose other than the transfer herein authorized.

IT IS HEREBY FURTHER ORDERED that American States Water Service Company of California, 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 consumers in Tracts Nos. 6627 and 7148, Los Angeles County, on and after the first day of the first month immediately succeeding the taking of control and possession of the properties herein authorized to be transferred:

RATES

Monthly Minimum Charges:

| | |
|---------------------------|---------|
| For 5/8-inch meter----- | \$ 1.50 |
| For 3/4-inch meter----- | 1.75 |
| For 1-inch meter----- | 2.00 |
| For 1 1/2-inch meter----- | 4.00 |
| For 2-inch meter----- | 6.00 |
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| 2,000 to 6,000 cubic feet, per 100 cubic feet----- | .15 |
| 6,000 to 10,000 cubic feet, per 100 cubic feet----- | .12 |
| All over 10,000 cubic feet, per 100 cubic feet----- | .10 |

FLAT RATES

The schedule of monthly flat rate charges now in effect on the said tracts supplied by T.J. Nestor shall remain in full force and effect for all flat service rendered until such time as meters are installed on individual service pipe connections.

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IT IS HEREBY FURTHER ORDERED that American States Water Service Company of California, a corporation, be and it is hereby authorized to place in effect throughout the territory heretofore supplied by the system operated by T.J. Nestor, within thirty (30) days from and after the date of this Order, the rules and regula-

tions now effective throughout the territory supplied by it and known as the Midway Park Tract.

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 14th day of March, 1932.

C. Skewey
Leon Whiteley
M. H. Kim
M. B. Harris
Frederic G. Stewart
Commissioners.