

ORIGINAL

Decision No. 24870

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Southern County Laundry Company, Ltd.,
a corporation, to authorize the pur-
chase of public utility property and
grant a certificate of public con-
venience and necessity to operate same
and adjustment of rates.

Application No. 17514.

Andrew Nordin, for Applicant.
James M. Davey, a Consumer.
Ralph Larson, a Consumer.
Mrs. Frank Smith, a Consumer.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to approve a series of unauthorized transfers of a water system heretofore dedicated to public use and now supplying water to the residents of Tract No. 262, Orange County. The final purchaser, Southern County Laundry Company, Ltd., a corporation, also asks that it be granted a certificate of public convenience and necessity to operate said plant and that there be established a reasonable rate for the service rendered.

A public hearing in this matter was held before Examiner Satterwhite at Los Angeles on October 20, 1931.

An amendment was made to the application in which the name of applicant was changed to Southern Counties Laundry, Ltd., a corporation.

The evidence shows that in 1922 ^{Mr.} R. B. A. Callaway subdivided Tract No. 262, Orange County, and installed thereon a water system to aid in the sale of lots. Water was supplied at the flat rate of one dollar and twenty-five cents (\$1.25) per month. The water system was sold by Callaway in connection with a laundry and, according to the testimony, has changed hands several times and has been subject to much litigation. At all times, however, water service has been rendered to the purchasers of lots in said tract. These operations were conducted and transfers made without any of the parties thereto being aware of the necessity of approval of such acts by this Commission. In July, 1930, applicant acquired the properties involved in this proceeding in connection with the purchase of the laundry business. Considerable difficulty has been experienced in obtaining a clear title and there is now pending a foreclosure proceeding to perfect same. The Railroad Commission is asked to authorize any and all foregoing transfers, to clear up any further question of illegal operation by granting to applicant a certificate of public convenience and necessity, and to fix a reasonable rate to charge for the service rendered. The granting of a certificate of public convenience and necessity and authorization of the transfer of the properties to applicant will be sufficient to insure the integrity of applicant's title thereto in so far as the requirements of the Public Utilities Act are concerned. The pipe lines having been installed on easements several years ago, the franchise requirements therefore may be considered as sufficiently satisfactory for the purpose of this proceeding.

In support of the application for adjustment of rates, applicant states that the original cost of the system is in excess of five thousand dollars (\$5,000) and the revenue from approximately thirty-five services under the present flat rate of one dollar and twenty-five cents (\$1.25) per month does not yield sufficient revenue to pay a reasonable return upon the investment after deducting operating expenses and depreciation.

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, summarized as follows:

Estimated Historical Cost-----	\$3,464.00
Replacement Annuity-----	90.83
Estimated Maintenance and	
Operating Expense-----	710.00
Gross Return-----	525.00
Deficit, exclusive of Interest	
Return-----	275.83

The figures set out above indicate that the distribution of water on this system under the present charges may be expected to result in a loss approximating two hundred and seventy-five dollars (\$275) per year, exclusive of an interest return upon the capital invested. It is evident therefore that applicant is entitled to an adjustment of the present rates. The schedule requested is identical with the schedules of several other small water utilities operating in the general vicinity under similar conditions and, as the rates therein appear to be reasonable and fair for the service rendered by applicant, said schedule of rates will be authorized in the following Order.

Several consumers testified that at times, when the laundry is using water, the service is not satisfactory due to

the lack of pressure, together with an accompanying discolored sediment in the water. Applicant expressed a desire and willingness to remedy the situation within the next year by installing an elevated storage tank estimated to cost twelve hundred dollars (\$1,200). Applicant will be expected to install this improvement at as early a date as finances and operating conditions may permit. Should the water served not be satisfactory at any time in the future through an unreasonable delay on the part of applicant in remedying the conditions complained of, the matter may be brought to the attention of this Commission for investigation by any of the interested consumers.

C R D E R

Application having been made to the Railroad Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises, now therefore

The Railroad Commission of the State of California hereby declares that public convenience and necessity require that Southern Counties Laundry, Ltd., a corporation, operate a water system for the purpose of supplying water for domestic and other purposes within the territory known and designated as Tract No. 262, Orange County.

IT IS HEREBY ORDERED that Southern Counties Laundry, Ltd., a corporation, be and it is hereby authorized to purchase and acquire the following described water production and distribution facilities:

All that certain land situated in the Rancho Los Coyotes, County of Orange, State of California, described as follows, to-wit:

Parcel 1: The East one-half ($E\frac{1}{2}$) of Lot Seventeen (17) in Block 1, Tract No. 262, as shown on a Map recorded in Book 14, page 14 of Miscellaneous Maps, Records of Orange County, California.

Parcel 2: That portion of Lot Seventeen (17), in Block One (1) of Tract No. 262, as shown on a Map recorded in Book 14, page 14 of Miscellaneous Maps, Records of Orange County, California, described as follows: Beginning at a point on the West line of said Lot 17, 60 feet South of the Northwest corner thereof; thence at right angles East 10 feet; thence at right angles South 20 feet; thence at right angles West 10 feet to said West line; and thence North along said West line to the point of beginning.

Also all tanks, pumps, motors, piping, buildings, fixtures and appurtenances thereon used in connection with the water utility business, together with the distribution pipe system and appurtenances located on Tract No. 262, Orange County, subject, however, to the following condition:

The consideration given for the acquisition of the properties 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 Southern Counties Laundry, Ltd., 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, the following schedule of rates to be charged for all service rendered subsequent to the 1st day of May, 1932.

MONTHLY FLAT RATES

For tenement or dwelling house of five rooms or less, with toilet and bath, on lot not over 50-foot frontage-----	\$1.50
For each additional room-----	.10
Small store or shop-----	1.50

Large store or shop or meat market-----	\$1.75
Soft drink parlor or bakeries-----	2.00
Public hall or billiard parlor with toilet or urinal-----	1.50
Drug store without soda fountain-----	1.50
Drug store with soda fountain-----	2.50
Barber shop with one chair-----	1.50
For each additional chair-----	.50
Water for irrigation not included in the above schedule, per square yard irrigated-----	.005

METERED SERVICE

Minimum Monthly Charges:

For 5/8-inch meter-----	\$1.50
For 3/4-inch meter-----	1.75
For 1-inch meter-----	2.25
For 1 1/2-inch meter-----	4.00
For 2-inch meter-----	6.00
For 3-inch meter-----	15.00
For 4-inch meter-----	20.00

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

Monthly Quantity Rates:

0 to 1,000 cubic feet, per 100 cubic feet-----	\$0.25
1,000 to 3,000 cubic feet, per 100 cubic feet-----	.20
3,000 to 6,000 cubic feet, per 100 cubic feet-----	.15
All over 6,000 cubic feet, per 100 cubic feet-----	.12

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IT IS HEREBY FURTHER ORDERED that Southern Counties Laundry, Ltd., 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 relations with its consumers, said rules and regulations to become effective upon their acceptance for filing by the Rail-

road 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 11th day of April, 1932.

Al Seavey
Leon A. Wilson
W. J. ...
W. B. Harris
Fred G. ...
Commissioners.