

Decision No. 24730

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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| In the matter of the application of THOUSAND OAKS WATER COMPANY for order to increase rates. | } | Application No. 17842. |
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L.L. Colodny, for Applicant.
Geo. L. Hampton, for Protestants.

BY THE COMMISSION:

O P I N I O N

Thousand Oaks Water Company, a corporation engaged in the business of selling and distributing water for domestic purposes to residents of Thousand Oaks and vicinity, Ventura County, asks the Railroad Commission for authority to double its present rates for such service.

A public hearing in this matter was held before Examiner Kennedy at Los Angeles.

At the hearing applicant was granted permission to amend the application to include a request for authority to make an additional charge of fifty cents (50¢) on each delinquent bill.

The evidence shows that Thousand Oaks Water Company was incorporated in 1926 for the purpose of taking over and operating a water system installed by L.M. Culver and associates to aid in the sale of lots in a large tract of land known as Thousand Oaks, Ventura County. On October 29, 1926, the Railroad Commission issued its Order in Decision No. 17542 granting to Thousand Oaks Water Company a certificate of public convenience and necessity

to operate a water system. The present rate schedule established in said decision is as follows:

Minimum Monthly Charges

| | |
|---------------------------|--------|
| 5/8 x 3/4-inch meter----- | \$1.50 |
| 3/4-inch meter----- | 2.00 |
| 1-inch meter----- | 3.00 |
| 1 1/2-inch meter----- | 5.00 |
| 2-inch meter----- | 7.50 |
| 3-inch meter----- | 12.00 |

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

Monthly Meter Rates

| | |
|--|--------|
| From 0 to 1,000 cubic feet, per 100 cubic feet----- | \$0.30 |
| From 1,000 to 2,000 cubic feet, per 100 cubic feet----- | .25 |
| From 3,000 to 6,000 cubic feet, per 100 cubic feet----- | .20 |
| From 6,000 to 10,000 cubic feet, per 100 cubic feet----- | .15 |
| Over 10,000 cubic feet, per 100 cubic feet----- | .12 |

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The water supply is pumped from wells into elevated storage tanks and distributed by gravity through approximately 61,400 feet of mains varying from six inches to one and one-half inches in diameter. There are approximately fifty-two active consumers receiving water from the company, all of whom pay on a metered basis.

Miss Bethel France, bookkeeper, presented reports on behalf of applicant based on the accounts and records of the company, and L.L. Colodny testified in regard to the present value. F.H. Van Hoesen, one of the Commission's hydraulic engineers, presented a report covering an appraisal of the company's property as of January 1, 1932, based upon the historical cost and a study of the operating revenue and expense for the year 1931 and future. Following is a brief summary of the above reports.

: Applicant: Van Hoesen:

| | | |
|--|----------|----------|
| Estimated Cost of Properties | - | \$43,437 |
| Book Cost of Properties | \$53,100 | - |
| Estimated Reproduction Cost | 34,557 | - |
| Depreciation Annuity | - | 1,213 |
| Maintenance & Operating Cost - 1931 (Books) | 2,296 | 2,344 |
| Maintenance & Operating Cost - considered reasonable for future | - | 1,535 |
| Operating Revenue - 1929 | - | 1,345 |
| Operating Revenue - 1930 | - | 1,566 |
| Operating Revenue - 1931 | 1,434 | 1,426 |

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There are no substantial disagreements in the above figures except in the case of a reduction in the estimated reasonable future expense submitted by F.H. Van Hoesen. The testimony shows this to be due to a reduction in the amount allocated to the manager's salary. The testimony indicates that fair and ample allowance was made by the Commission's engineer for the actual services rendered. The above figures reflect a revenue for 1931 approximately equivalent to the estimated reasonable future cost of maintenance and operation as submitted by the Commission's engineer.

From the evidence submitted it appears that this water system was installed to aid in the sale of lots in a large tract of land which at the present time is sparsely settled, as indicated by the reports showing that it requires an average of 1,200 feet of pipe line to render service to each consumer. The present owners of the stock of Thousand Oaks Water Company purchased the unsold lots in this tract, including the water system, knowing the conditions that existed on the water system. Immediately upon purchase they replaced 40,000 feet of pipe line to protect their interest.

It is unfortunate that the property has not sold as anticipated but this is no fault of the few consumers who have purchased lots and built homes thereon. They cannot be expected

to pay an unreasonable price for water service to maintain and operate an excessively over-built plant.

There was no evidence submitted that indicates any abnormal condition in connection with the development and distribution of water which should greatly increase the cost of water on this system as compared to other utilities operating in the vicinity under similar conditions. The request of applicant to double its present rates would yield a revenue in excess of that to which it is reasonable entitled. However, it appears that applicant is entitled to an adjustment of its rates and the schedule herein provided will yield this company a fair return upon a reasonable portion of its investment under the circumstances and conditions.

The present rules and regulations of this utility provide that monthly bills are delinquent fifteen days after they are presented for payment and, if not paid within that period, water service can be discontinued upon giving due notice and the sum of one dollar may be assessed for the reconnection of the service. This rule, we feel, if carried out, gives applicant sufficient protection and is ample incentive for the consumer to pay his water bill promptly.

O R D E R

Thousand Oaks Water Company, 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 Thousand Oaks Water Company, a corporation, for water delivered to its consumers in and in the vicinity of Thousand Oaks, Ventura

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 this Order upon the foregoing finding of fact and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that the request of applicant for authority to charge the sum of fifty cents (50¢) on all delinquent water bills be and it is hereby denied.

IT IS HEREBY FURTHER ORDERED that Thousand Oaks Water Company, a corporation, be and it is hereby authorized to file with this Commission within thirty (30) days from the date of this Order, if it so desires, the following schedule of rates to be charged for all water service rendered its consumers subsequent to the 9th day of May, 1932:

METER RATES

Monthly Minimum Charges:

| | |
|---------------------------|--------|
| 5/8 x 3/4-inch meter----- | \$1.75 |
| 3/4-inch meter----- | 2.25 |
| 1-inch meter----- | 3.00 |
| 1 1/2-inch meter----- | 5.00 |
| 2-inch meter----- | 7.50 |
| 3-inch meter----- | 15.00 |

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

Monthly Quantity Rates:

| | | | | | |
|----------|-------|----|-------|------------------------------------|--------|
| From | 0 | to | 500 | cubic feet, per 100 cubic feet---- | \$0.35 |
| From | 500 | to | 2,000 | cubic feet, per 100 cubic feet---- | .30 |
| From | 2,000 | to | 5,000 | cubic feet, per 100 cubic feet---- | .20 |
| All over | | | 5,000 | cubic feet, per 100 cubic feet---- | .15 |

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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 7th day of

May, 1932.

C. L. Seavey

W. A. Carr

M. B. Harris

Frederic G. Stephens
Commissioners.