

Decision No. 25491

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 fixing rates
for water service rendered in the City
of Placentia and the Town of La Jolla,
Orange County, California.

ORIGINAL

Application No. 18265

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

Albert Launer, for City of Placentia.

H.V. Easton, for Placentia Mutual Orange Association.

WHITSELL, COMMISSIONER:

O P I N I O N

In the above entitled application, American States Water Service Company of California, a corporation engaged in the business of selling and distributing water for domestic and commercial purposes in the City of Placentia and the Town of La Jolla, Orange County, asks the Railroad Commission to make its order fixing uniform and reasonable rates for the service rendered.

A public hearing in this matter was held at Placentia.

The record shows that on December 23, 1929, the Railroad Commission in Decision No. 21939 authorized the consolidation of a number of water utilities under the name of American States Water Service Company of California, a corporation, including the Placentia Water Company supplying the residents of Placentia and the so-called Simmons Water Plant which supplies the Town of La Jolla. Since the consolidation, these two water systems have been connected and operated as a unit, obtaining their water supply from the same source.

The rates in effect are as follows:

PLACERVILLE PLANT

Monthly Meter Rate:

Monthly Readiness-to-Serve Charge-----\$0.50

Monthly Quantity Rates:

0 to 1,000 cubic feet, per 100 cubic feet-----	\$0.25
1,000 to 5,000 cubic feet, per 100 cubic feet-----	.20
5,000 to 10,000 cubic feet, per 100 cubic feet-----	.15
All over 10,000 cubic feet, per 100 cubic feet-----	.12

SIMMONS PLANT

1,000 cubic feet, or less-----	\$1.25
All over 1,000 cubic feet, per 100 cubic feet-----	.12½

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The water supply is obtained from deep wells and pumped into storage tanks of sufficient height to give fair pressures. The transmission and distribution system consists of approximately 48,567 feet of pipe ranging from three-quarters of an inch to six inches in diameter. In October, 1932, applicant had four hundred and seventy-one consumers and forty-nine inactive service connections.

Appraisals of the utility properties and data concerning revenues and operating expenses were presented in behalf of applicant by C.P. Harnish, Chief Engineer, and H.V. Anderson, Vice-President, and by F.H. Van Hoesen, one of the Commission's engineers. The appraisements were based upon the historical cost of the physical properties, using, where available and reasonable, records of actual cost. Depreciation was computed on the five per cent sinking fund method. A summary of these data is set out below.

	<u>Company</u>	<u>Commission</u>
Estimated Historical Cost-----	\$69,473	\$69,476
Depreciation Annuity-----	1,631	1,507
Operating Revenue - 1931-----	12,083	12,044
Operating Expense - 1931-----	6,255	6,559
Operating Revenue, 9 months - 1932-----	8,844	8,746
Operating Expense, 9 months - 1932-----	3,935	3,598
Estimated Revenue - 1932-----	11,263	-
Estimated Expense - 1932-----	5,723	-
Return on Investment - 1931-----	6.07%	5.7%
Return on Investment, estimated - 1932---	5.6%	-

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Applicant is not requesting the establishment of an increased rate but desires the fixing of a uniform schedule which will be satisfactory to the consumers and eliminate the existing unfair discrimination resulting from the application of two different forms of rate structure upon the now unified system. A questionnaire was sent out to all water users asking for their suggestions and preference as to a new rate schedule. A majority of the replies requested that the service-charge form of rate be eliminated as same was unsatisfactory. The new schedule of rates proposed by applicant will produce approximately eight hundred dollars (\$800) less in annual revenues than the schedule now in effect.

Mr. Albert Launer, City Attorney of Placentia, stated that there was an urgent need for improved fire protection service for the city and asked that this matter be given consideration in this proceeding. Unfortunately, there is insufficient evidence in the record herein to permit proper disposal of the fire protection problem and, as the necessary improvements to provide a proper and adequate fire service appear to involve a considerable expenditure of capital, I would like to suggest at this time that more effective results undoubtedly could be obtained through informal negotiations

by and between representatives of the municipality and the company. The staff of the Commission will be made available to assist in this connection at any time desirable.

Protest was made by Mr. H.V. Easton, appearing in behalf of the Placentia Mutual Orange Association, to the effect that the present rates, as well as those proposed, do not provide a fair charge for those industrial enterprises using large volumes of water, contending that the present charges for water, based upon purely domestic service, are prohibitive for large water consumption. The utility agreed that there was merit to this claim. The schedule of rates set forth below will provide as nearly fairly as possible a uniform and equitable rate for each separate class of service demand.

The following form of Order is suggested.

O R D E R

American States Water Service Company of California, a corporation, having made application to the Railroad Commission for an order establishing rates, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

It is hereby found as a fact that the present rates of American States Water Service Company of California, a corporation, in so far as they differ from the rates herein established, are unjust, unreasonable and discriminatory and that the rates herein established are just and reasonable rates to be charged by said company for the service to be rendered hereafter on its Placentia and La Jolla Water Systems, and

Basing its Order upon the foregoing finding of facts and upon the further statements of fact contained in the Opinion preceding this Order,

IT IS HEREBY 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 on its Placentia and La Jolla Water Systems subsequent to the 31st day of December, 1932.

METER RATES

Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$ 1.25
3/4-inch meter-----	2.00
1-inch meter-----	2.75
1 1/2-inch meter-----	4.00
2-inch meter-----	6.00
3-inch meter-----	10.00

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 Quantity Rates."

Monthly Quantity Rates:

0 to 1,000 cubic feet, per 100 cubic feet-----	\$ 0.25
1,000 to 4,000 cubic feet, per 100 cubic feet-----	.20
4,000 to 8,000 cubic feet, per 100 cubic feet-----	.15
8,000 to 12,000 cubic feet, per 100 cubic feet-----	.12
All over 12,000 cubic feet, per 100 cubic feet-----	.10

Municipal Service Per Month:

Fire hydrants-----	\$ 1.00
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IT IS HEREBY FURTHER ORDERED that American States Water Service Company of California, a corporation, be and it is hereby directed to file with the Railroad Commission, within thirty (30)

days from the date of this Order, rules and regulations governing its relations with its consumers, said rules and regulations to become effective upon their acceptance for filing by the Railroad Commission.

For all other purposes, the effective date of this Order shall be twenty (20) days from and after the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 27th day of December, 1932.

C. L. Seaver
Leon Whitney
W. J. Carr
M. B. Harris
Fred G. Stetsworth
Commissioners.