

Decision No. 25548

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
EAST HIGHLANDS DOMESTIC WATER COMPANY,
a corporation, for authority to in-
crease rates.

Application No. 18308.

F.B. Erichsen, for Applicant.

BY THE COMMISSION:

O P I N I O N

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In this proceeding the East Highlands Domestic Water Company, a corporation engaged in the business of supplying water for domestic, irrigation and other purposes in and in the vicinity of East Highlands, San Bernardino County, alleges that during the ten-year period of its operations the net revenue realized by the company has averaged but three hundred and twenty-seven dollars (\$327) per year and asks the Commission for authority to increase its rates.

A public hearing in this matter was held before Examiner Satterwhite at San Bernardino.

The East Highlands Domestic Water Company was incorporated in 1920 by the East Highlands Orange Company to supply water to company employees and others residing on its properties or adjacent thereto. In 1922 this Commission, in Decision No. 10869, authorized the water company to purchase the plant of the Plunge Creek Mutual Water Company to provide this service. This mutual water company, a subsidiary corporation of said East Highlands Orange Company, owns all the capital stock of the East Highlands Domestic Water

Company except shares qualifying directors.

Water is obtained from an 18-inch well, 438 feet deep, and stored in two reservoirs from which deliveries are made by gravity to approximately one hundred thirteen consumers. Surplus water has been and is now sold at cost for irrigation purposes to said Plunge Creek Mutual Water Company and delivered through applicant's distribution facilities. There are approximately 25,800 feet of mains ranging from twelve inches to three-quarters of an inch in diameter. Practically all services are metered. The rates now in effect were filed by applicant in 1922 in connection with the proceeding for a certificate of public convenience and necessity. There is no established rate for the sale of the surplus irrigation water, the charges for which have varied each year according to the actual cost of production. Present rates are as follows:

MINIMUM METER RATES

1/2-inch meter-----	\$ 1.50
5/8-inch meter-----	1.50
3/4-inch meter-----	2.25
1-inch meter-----	3.00
1 1/2-inch meter-----	4.50
2-inch meter-----	6.00
3-inch meter-----	9.00
6-inch meter-----	12.00

For Consumption in excess of above amounts
the following rates will apply.

Per 1,000 cu. ft.

Less than	30,000	cubic feet-----	\$ 1.00
30,000 to	40,000	cubic feet-----	.85
40,000 to	50,000	cubic feet-----	.82
50,000 to	60,000	cubic feet-----	.79
60,000 to	70,000	cubic feet-----	.76
70,000 to	80,000	cubic feet-----	.73
80,000 to	90,000	cubic feet-----	.70
90,000 to	100,000	cubic feet-----	.68
100,000 to	125,000	cubic feet-----	.65
125,000 to	150,000	cubic feet-----	.62
150,000 to	175,000	cubic feet-----	.59
175,000 to	200,000	cubic feet-----	.56
200,000 to	225,000	cubic feet-----	.53
225,000 to	250,000	cubic feet-----	.50
250,000 to	275,000	cubic feet-----	.47
275,000 to	750,000	cubic feet-----	.44
750,000 to	1,500,000	cubic feet-----	.41
1,500,000 to	3,000,000	cubic feet-----	.37
3,000,000 to	4,000,000	cubic feet-----	.34
4,000,000 to	6,000,000	cubic feet-----	.31
6,000,000 or more		-----	.26

FLAT RATES

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|---|--------|
| 1. Water furnished to a family of not more than five persons per month----- | \$1.50 |
| For each extra one in family above five, per month----- | .10 |

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No request is made by applicant for a full return on the investment at this time.

The evidence submitted in connection with the cost of physical properties, operating statistics, depreciation, etc., may be summarized as follows:

	<u>Applicant</u>	<u>Commission</u>
Estimated Original Cost-----	\$64,447	\$64,809
Revenues - 10-year average-----	10,152	-
Expenses - 10-year average-----	9,825	-
Depreciation - 10-year average-----	2,816*	-
Net Revenue - 10-year average-----	327	-
Revenues - 1931-----	-	11,069
Expenses - 1931-----	-	8,021
Depreciation - 1931-----	3,164*	1,226**
Net Revenue - 1931-----	-	1,822

(Summary Continued)

	<u>Applicant</u>	<u>Commission</u>
<u>Segregation 1931 Revenues:</u>		
Irrigation (Mutual)-----	-	\$ 8,094
Domestic-----	-	2,975

NOTE: *Straight Line.
**Sinking Fund 5%.

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The principal problem in this case arises from the fact that the larger portion of the water service rendered by the East Highlands Domestic Water Company is for irrigation purposes sold to the Plunge Creek Mutual Water Company at a rate heretofore based upon actual production cost plus a charge for annual depreciation of plant and equipment. In volume the water delivered for domestic service is about ten per cent of that supplied for irrigation. Under the circumstances it is clear that for several years the irrigation service has enjoyed a preferential rate although the evidence indicates that this has not been at the expense of the domestic user who at no time has been required to pay excessive rates for water. The differential has been absorbed by the parent company. In this proceeding rates will be established to equalize the charges for service upon as fair a basis as possible in view of the radically different classes of demand. Although there will be but slight change in the scheduled tariff for domestic service, the new rates for irrigation use which has not in the past been charged for its full share of the burden will result in granting this company a more favorable return upon its operations.

O R D E R

East Highlands Domestic Water Company, a corporation, having made application for authority to increase its rates for water service in and in the vicinity of East Highlands, San Bernar-

dino County, 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 charged by the East Highlands Domestic Water Company, a corporation, for water delivered to its consumers are unjust and unreasonable in so far as they differ from the rates herein established 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 the East Highlands Domestic Water Company, a corporation, be and it is hereby authorized and directed to file with the Railroad 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 31st day of January, 1933.

FLAT RATES

For all domestic uses-----\$1.50 per month

METER RATES

Minimum Monthly Charges:

5/8 x 3/4-inch meter-----	\$ 1.50
3/4-inch meter-----	1.75
1-inch meter-----	2.50
1 1/2-inch meter-----	3.00
2-inch meter-----	4.50
3-inch meter-----	9.00
4-inch meter-----	13.00

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

Monthly Quantity Rates:

First	750 cubic feet, per 100 cubic feet-----	\$0.20
Next	2,250 cubic feet, per 100 cubic feet-----	.15
Next	3,000 cubic feet, per 100 cubic feet-----	.10
Next	4,000 cubic feet, per 100 cubic feet-----	.07
Next	10,000 cubic feet, per 100 cubic feet-----	.05
Over	20,000 cubic feet, per 100 cubic feet-----	.0375

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IT IS HEREBY FURTHER ORDERED that East Highlands Domestic Water Company be and it is hereby directed to file with this Commission, within thirty (30) days from the date of this Order, rules and regulations to govern relations with its consumers, said rules and regulations to become effective upon their acceptance for filing by this 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 16th day of January, 1933.

C. H. Jones

W. J. Carr

M. B. Harris

W. L. L. L. L.

 Commissioners.