

Decision No. 10020.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of THOMAS J. ROURKE and ELLA M.)
ROURKE, his wife, owners of a)
water plant, to adjust and establish)
new rates.)

Application No. 7041.

Angus Lindley, for applicant.

John P. Dunn, for Paul J. Otto, protestant.

BY THE COMMISSION.

O P I N I O N

Thomas J. Rourke and Ella M. Rourke, applicants herein, own and operate a small water system located about two and one-half miles south of Azusa, Los Angeles County, and supply water for domestic and irrigation use.

Applicants allege in effect that the present irrigation rate does not produce sufficient revenue to cover maintenance and operating expense, and that no rate has ever been established for domestic service.

The present rates were established by this Commission in Decision No. 8070, dated September 4, 1920, in Application No. 5436, entitled: "In the Matter of the Application of Thomas J. Rourke and Ella M. Rourke, his wife, owners of a water plant, to abandon public utility service." They apply only for consumers in a Mexican Colony.

which at that particular time was the only water service rendered by the utility other than the irrigation supply to Mr. Paul J. Otto and to the applicants themselves. It is now proposed to establish rates for all service, including a rate for water furnished for domestic purposes.

A public hearing in this matter was held at Los Angeles, before Examiner Satterwhite, of which all interested parties were notified and given an opportunity to appear and to be heard.

This water system consists of a 16-inch well 300 feet deep, a No. 28 Pomona pump operated by a 30 horse power gas engine, 1650 feet of 8-inch concrete pipe, 800 feet of 2-inch standard screw pipe, and 1274 feet of 1½-inch standard screw pipe. Water for irrigation use and for the Mexican colony is pumped directly into the distribution mains, while the water for domestic service is delivered into a small storage tank, from which it is distributed to the points of use. Water for the Mexican colony is delivered into cisterns from which it is drawn as needed. A test of the pump indicates that it is in need of minor repairs; that its present capacity is about 25 miner's inches or 43,700 cubic feet in 24 hours; and that its maximum capacity, when in good working order, is approximately 38 inches.

Mr. Paul J. Otto, one of the consumers of water for irrigation use, made claim to certain contractual rights and questioned the Commission's jurisdiction in establishing a rate for his service. It appears that the applicants herein, on October 22, 1917, entered into an agreement with Mr. Otto whereby he was granted an option for the purchase of 5 acres of land immediately west of the property on which applicants' water system is located. This agreement carried with it the right to obtain sufficient water for the irrigation of the tract, to be delivered in irrigation heads of not more than 50 inches and to be paid for at the rate of 2 cents per miner's inch per hour. On

February 12, 1921, the applicants herein conveyed the property to Mr. Otto by grant deed, which provided for the delivery of water in the same manner as set out in the option agreement. It is upon this agreement and deed that Mr. Otto bases his claim to contractual rights, and questions the Commission's jurisdiction. It appears, however, that previous to the date of this agreement applicants stood ready to furnish and did furnish water for compensation, whenever called upon to do so, to all property owners in the vicinity who desired service and could reasonably be supplied through the distribution system. It is therefore evident that applicants were operating a public utility previous to the date of the agreement entered into with Mr. Otto, and that the rates fixed therein are subject to regulation by this Commission.

Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report setting forth an estimated original cost of the used and useful portion of this water system amounting to \$6,470. His estimate of reasonable maintenance and operating expense was \$1,450 per year, and there was also shown a depreciation annuity of \$176, computed by the sinking fund method. Testimony indicates that Mr. Van Hoesen's estimate does not provide for a few items of reasonable expense, and that a fair allowance for maintenance and operating expense will be \$1600 per year.

The total annual charges based upon the foregoing items are as follows:

Return at 8% on \$6,470,.....	\$ 518
Depreciation Annuity,.....	176
Maintenance and Operating Expense,.....	1,600
Total,.....	<u>\$2,294</u>

The total number of hours pumped from October 1, 1920, to September 30, 1921, was 1,067, which indicates an average cost of \$2.15

per hour.

Mr. Willis S. Jones, on behalf of Mr. Otto, submitted a report in which the estimated cost of operation of this system was fixed at \$1.45 per hour's run of the pump. It appears, however, that all items of expense have not been included in Mr. Jones' estimate.

The present rate schedule provides for a payment of \$2.50 per hour for full discharge of the pump. This rate, however, has not been charged for water furnished to the applicants or to Mr. Otto, who has paid at the rate of approximately 62 cents per hour.

The operating revenue for the period October 1, 1920, to September 30, 1921, not including 194 hours pumped for the applicants, was \$1,071, and it is evident that a revision of the rates should be made. The schedule set out in the accompanying order is designed to do substantial justice to both the consumers and the utility, and it is estimated that the resulting revenues will approximately equal the annual charges.

O R D E R

Thomas J. Rourke and Ella M. Rourke having made application for authority to establish a new schedule of rates, a public hearing having been held thereon, and the matter having been submitted,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Thomas J. Rourke and Ella M. Rourke for water supplied to 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 for such service.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion,

IT IS HEREBY ORDERED that Thomas J. Rourke and Ella M. Rourke be and they are hereby authorized and directed to file with

this Commission within twenty (20) days from the date of this order, and thereafter charge, the following schedule of rates for water delivered to consumers:

FLAT RATE SCHEDULE TO MEXICAN COLONY

A minimum monthly charge for each family of \$1.15 payable in advance, entitling consumer to the entire discharge from the pump for one-half (1/2) hour per month with pump in good working order. All excess water used to be furnished at the rate of \$2.00 per hour, full flow of the pump in good working condition, which is equivalent to 2700 cubic feet.

IRRIGATION USE

For full discharge of the pump, in good working condition, per hour, which is equivalent to 2700 cubic feet, \$2.00.

For deliveries of less than 2700 cubic feet per hour the foregoing rates shall be proportionately decreased.

MONTHLY DOMESTIC FLAT RATE FROM TANK

Residences of not over 5 rooms occupied by a single family,.....	\$ 1.50
For each additional family,.....	1.00
For each additional room,.....	.10
For each horse or cow,.....	.15
For each private garage,.....	.25
For sprinkling or irrigation of lawns, garden or shrubbery, for each square yard of surface actually irrigated,.....	.005

MONTHLY DOMESTIC METERED RATE

For 500 cubic feet or less,.....	\$ 1.50
From 500 to 1000 cubic feet, per 100 cubic feet, ..	.25
From 1000 to 5000 cubic feet, per 100 cubic feet, ..	.20
Over 5000 cubic feet, per 100 cubic feet,.....	.15

IT IS HEREBY FURTHER ORDERED that Thomas J. Rourke and Ella M. Rourke be and they are hereby directed to file with this Commission within thirty (30) days from the date of this order,

rules and regulations to govern relations with their consumers,
such rules and regulations to become effective upon their accept-
ance by the Commission.

Dated at San Francisco, California, this 26th
day of January, 1922.

H. B. Brundage

W. A. Fowler
J. P. Anderson
Commissioners.