

Decision No. 10072.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
LAUREL CANYON LAND CO.,)
for authority to increase rates)
charged for water.)

Application No. 7077.

Fred Mansur, for applicant.

BY THE COMMISSION.

O P I N I O N

This is an application for authority to increase rates for water supplied to consumers by Laurel Canyon Land Company, owner of a small water system which furnishes water for domestic purposes in and in the vicinity of Laurel Canyon, Los Angeles County.

It is alleged in effect that the present rates are unreasonably low and that water is being furnished at a great loss to applicant.

The Commission is asked to authorize a rate of \$0.50 per 1000 gallons, with a monthly minimum of \$2.00 per consumer, and a flat rate of \$2.00 per month with the right to install meters at any time.

A public hearing was held at Los Angeles, before Examiner Williams, of which all interested parties were notified and given an opportunity to be present and to be heard.

The water supply for this system is obtained from collecting tunnels and springs and is pumped into a storage reservoir of ap-

proximately 200,000 gallons capacity. The water is then pumped into the mains and the surplus flows into regulating tanks located at a high elevation. The distribution system consists of 13,700 feet of 1½, 2 and 3 inch pipe supplying 65 service connections, of which 19 are metered.

The present rates charged by the utility are as follows:

FLAT RATES

Ten dollars per annum for each house and lot of 50 feet of frontage or less, and ten cents per front foot per annum for the additional lot frontage owned by the property owner supplied.

METER RATES

Monthly minimum	\$2.00
First 10,000 gallons, per 1000 gallons	0.20
Over 10,000 gallons, per 1000 gallons	0.16

Exhibit "B" attached to the application shows a book value of the property amounting to \$20,881. Operating expense for the twelve months period ending July 1, 1921, was shown as \$2,042, with an estimate for a future additional cost of \$1,230 for the operation of a recently installed supplementary pumping unit. Operating revenues for the same period amounted to \$1,095.

Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report based upon an investigation of the system, showing an estimated original cost of the plant exclusive of real estate amounting to \$9,183. Depreciation annuity computed by the sinking fund method was given as \$161, and reasonable maintenance and operating expense as \$2,390 per year.

The testimony indicates that \$5,000 is a reasonable value for the lands used in the production and distribution of the utility's water supply.

Annual charges based upon the foregoing items are as follows:

Return at 8% on \$14,183	\$1,135
Depreciation annuity	161
Maintenance and operating expense	2,390
Total	\$3,686

Operating revenue for the year 1920 was \$1,023 and it is apparent that the utility is entitled to an increase in rates. The evidence, however, shows that this water system was installed primarily for the purpose of aiding in the sale of real estate, and at the present time is overbuilt to such an extent that a rate which would yield the full amount of the annual charges set out above would be unduly burdensome upon the present consumers.

During the past two years the Commission's hydraulic engineers have been called upon frequently to investigate water shortage upon this system, and evidence shows that the water development has about reached its limit. Applicant should, therefore, make every possible endeavor to prevent waste and extravagant use of water by its consumers. The installation of meters on all services and the delivery of water at measured rates will undoubtedly result in such a conservation of the available supply that danger of inadequate service will be eliminated, and in view of the fact that approximately two-thirds of applicant's consumers receive their supply through unmetered services it appears advisable that the system be completely metered without delay.

The schedule of rates set out in the accompanying order is designed to produce sufficient revenue to cover maintenance and operating expense, depreciation annuity and a fair return upon a reasonable rate base.

O R D E R

Laurel Canyon Land Company having made application as entitled above, 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 Laurel Canyon Land Company 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 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 Laurel Canyon Land Company be and the same is hereby authorized and directed to file with this Commission within twenty (20) days from the date of this order, the following schedule of rates to be charged for water delivered to its consumers, effective for all water delivered subsequent to February 28, 1922, or the meter reading period next preceding that date:

METER RATES

Monthly Minimum Charges:

5/8 inch meter	.....	\$1.50
3/4 " "	.....	1.75
1 " "	.....	2.00
1 1/2 " "	.....	2.50
2 " "	.....	3.00
3 " "	.....	4.00

Monthly Meter Rates:

From 0 to 400 cubic feet, per 100 cubic feet.	.....	\$0.375
" 400 to 1000 " " " " " "	.....	0.30
" 1000 to 5000 " " " " " "	.....	0.25
Over 5000 " " " " " "	.....	0.20

MONTHLY FLAT RATES

Residences of 5 rooms or less, occupied by a single family.....	\$1.25
For each bath tub.....	0.25
" " toilet.....	0.25
" " additional room.....	0.15
Sprinkling or irrigation of lawns, shrubbery, etc. for each square yard actually irrigated.....	0.005

Meters may be installed at the option of either the consum-

ers or the utility.

IT IS HEREBY FURTHER ORDERED that Laurel Canyon Land Company be and the same 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 consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this 8th day of February, 1922.

H. B. Burdick
H. D. Loveland

George R. Brown
W. H. Murray
Commissioners.