

Decision No. 10185.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
TORRANCE WATER, LIGHT & POWER COMPANY
for an increase in water rates.

Application No. 7229.

ORIGINAL

Overton, Lyman and Plumb, by Eugene
Overton, for applicant.

H. G. Briney, for City of Torrance.

R. E. Wedikine, for Pacific Electric
Company.

W. Teale, for Union Tool Company.

E. H. Nash, for Kewelllyn Iron Works.

BY THE COMMISSION.

O P I N I O N

Torrance Water, Light & Power Company, the applicant herein, is a public utility supplying water for domestic, irrigation, industrial and municipal purposes in and adjacent to the City of Torrance, Los Angeles County. In this proceeding applicant asks for authority to increase rates and alleges in effect that its present revenues are not sufficient to provide for maintenance and operating expense, depreciation, and a reasonable return upon the investment.

A public hearing in this matter was held at Torrance, before Examiner Williams, of which applicant's consumers were duly noti-

fied and given an opportunity to be present and to be heard.

Applicant's water supply is secured from The Dominguez Water Company, a mutual concern, and is distributed through approximately 146,800 feet of mains ranging in size from one to sixteen inches in diameter. A booster pump increases the pressures for all classes of service except irrigation. There are approximately 455 domestic, 30 irrigation and 10 industrial consumers, practically all of whom are on metered services.

The present rates charged by applicant are as follows:

Monthly Meter Rates:

From	0 to 1999 cubic feet, per 100 cubic feet . . .	\$0.10
"	2000 to 3999 " " " " " " " " . . .	0.09
"	4000 to 5999 " " " " " " " " . . .	0.08
"	6000 to 7999 " " " " " " " " . . .	0.07
"	8000 to 9999 " " " " " " " " . . .	0.06
Over	10000 " " " " " " " " . . .	0.05
Farm and irrigation use,	" " " " " " " " . . .	0.03

Monthly Minimum Charges:

5/8 or 3/4 inch meter.	\$1.00
1 inch meter	1.50
1 1/2 " "	2.50
2 " "	4.00
3 " "	9.00
4 " "	16.00
5 " "	25.00
6 " "	36.00

A few flat rate charges are in effect ranging from \$1.00 per month upward.

Although the application herein sets forth a definite schedule of rates which it was desired to put into effect, this portion of the application was amended at the hearing and the Commission was asked to fix such rates as in its judgment were fair and reasonable for the service rendered.

Mr. H. P. Gillette, on behalf of the applicant, presented a report setting forth an estimated original cost of the property, amounting to \$178,857, which amount included \$4,643 for tools, equipment and materials on hand; \$2,875 for organization expense;

and \$2,500 for working capital.

Mr. J. G. Hunter, one of the Commission's hydraulic engineers, submitted a report showing an estimated original cost of the property, exclusive of tools, equipment, materials on hand, organization expense and working capital, of \$135,923. This report also showed a depreciation annuity, calculated by the sinking fund method, of \$1,873, and an estimate of reasonable maintenance and operating expense for the future of \$18,800.

The principal difference in the two estimates of original cost of the property is due very largely to the higher costs of labor used by Mr. Gillette, which were based upon the cost of similar work outside this state and also upon the assumption that a considerable amount of hardship was encountered in trench excavation. Testimony indicates, however, that the amount of material of this nature encountered during the construction of the pipe trenches was not so great as to materially increase the cost of the work.

A careful consideration of all the testimony presented leads to the conclusion that \$145,000 is a reasonable estimate of original cost of the system for the purpose of this proceeding.

Annual charges based upon the foregoing items are as follows:

Return at 8% upon \$145,000	\$11,600
Depreciation annuity	1,873
Maintenance and operating expense	18,800
Total	\$32,273

Revenues from the sale of water for 1920 were \$22,392, and for 1921 were \$23,564. Based upon the foregoing allowances for maintenance and operating expense and depreciation annuity, the revenues for 1921 show a return of 1.99 per cent. upon a rate base of \$145,000, and it is apparent that the utility is entitled to an increase in rates. The schedule of rates established in the accompanying order is designed to do substantial justice to

both the utility and the consumers and to produce sufficient revenue to cover maintenance and operating expense, depreciation annuity and a reasonable return upon the investment.

O R D E R

Torrance Water, Light & Power 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 Torrance Water, Light and Power Company for water delivered to consumers in and in the vicinity of Torrance, Los Angeles County, 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 Torrance Water, Light & Power 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 consumers in and in the vicinity of Torrance, Los Angeles County, effective for all water delivered subsequent to April 1, 1922, or the meter reading period next preceding that date:

Monthly Meter Rates for Domestic,
Industrial and Municipal Uses:

From	0 to	500	cubic feet,	per	100	cubic feet.	..	\$0.25
"	500 to	1000	"	"	"	"	"	0.20
"	1000 to	4000	"	"	"	"	"	0.15
"	4000 to	7000	"	"	"	"	"	0.10
"	7000 to	10000	"	"	"	"	"	0.08
Over		10000	"	"	"	"	"	0.06

Monthly Meter Rates for Irrigation Uses:

From	0 to	500	cubic feet,	per	100	cubic feet.	..	\$0.25
"	500 to	1000	"	"	"	"	"	0.20
"	1000 to	2000	"	"	"	"	"	0.15
Over		2000	"	"	"	"	"	0.05

Monthly Minimum Charges:

5/8 inch meter	\$.25
3/4 " "	1.50
1 " "	2.00
1 1/2 " "	3.00
2 " "	5.00
3 " "	10.00
4 " "	15.00
6 " "	25.00

Municipal Use:

Automatic sewer flushers, each, per month.	\$1.25
Street sprinkling, per 100 cubic feet.	0.15
Fire hydrants, each, per month.	2.00
All other municipal uses at the meter rates.	

Monthly Flat Rates:

The flat rate schedule to remain as at present in effect for such uses as are not provided for in the foregoing schedules.

IT IS HEREBY FURTHER ORDERED that Torrance Water, Light & Power 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 its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this 14th day of March, 1922.

H. D. Loveland
Charles H. Howell
J. J. ...
Commissioners.