

Decision No. 10202.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
E. W. PETERSON,
for authority to increase his rates
of charges for water, in the district
served by him, in San Diego County,
California.

Application No. 7409.

E. W. Peterson, in propria persona.

Peter MacKenzie, in propria persona and for
W. W. Praul, George J. Nixon and others.

W. L. Moore, for A. F. Flowsman and Eric
Peterson.

BY THE COMMISSION.

O P I N I O N

E. W. Peterson, who owns and operates a water system serving approximately 130 consumers in Imperial Beach, South San Diego, Palm City, and vicinity, asks for authority to increase rates, alleging in effect that the present revenues are not sufficient to provide for maintenance and operating expense, depreciation, and a reasonable return upon the investment in the system.

A public hearing in this matter was held in San Diego, before Examiner Westover, of which all interested parties were notified and given an opportunity to be present and to be heard.

This water system consists of approximately 46,000 feet of distribution mains ranging in size from one and one-half to six

inches in diameter and 140 services and meters. The entire water supply is secured by purchase from Coronado Water Company at wholesale rates through master meters.

The territory served consists of an area at the south end of San Diego Bay, extending from Palm City to Imperial Beach.

The present rates charged by applicant are as follows:

Minimum monthly charge for 3/4 inch meter or smaller.	\$1.50
Minimum monthly charge for meters larger than 3/4 inch.	2.50
For all water used, per 100 cubic feet.	0.1125

The present rate charged by Coronado Water Company for water sold to the Peterson System is nine cents per 100 cubic feet, but effective April 1, 1922, this rate will be increased to \$0.2025. This increased rate for water purchased is 80 per cent. in excess of the present rate charged for water delivered to consumers on the Peterson System.

A large portion of the pipe in this system has been donated to Mr. Peterson by real estate promoters and others, and for this part of the plant he does not claim a return.

Mr. D. H. Harroun, one of the Commission's hydraulic engineers, presented a report, prepared after an inspection of the property, which shows an estimated original cost of that portion of the system installed by Mr. Peterson amounting to \$2,952; also a depreciation annuity, calculated by the sinking fund method, of \$100. His estimated annual maintenance and operating expense for the future is \$4,416, including the cost of water purchased at the increased rate of \$0.2025 per 100 cubic feet.

Annual charges based upon the foregoing items are as follows:

Return at 8% on \$2,952.	\$236
Depreciation annuity.	100
Maintenance and operating expense	4,416
Total.	<u>\$4,752</u>

Revenues from the sale of water during the year 1921 were \$3,540, or \$876 less than the estimated maintenance and operating expense set out above, and it does not appear that any material increase in the number of consumers can be expected in the near future. It is therefore apparent that the utility is entitled to an increase in rates, and it is estimated that the schedule set out in the accompanying order will result in revenues which will do substantial justice to both the consumer and the utility.

Mr. Peterson testified that recent heavy rains had so increased the water supply of Coronado Water Company that pumping could now be depended upon to care for the requirements of its consumers, thereby permitting a material reduction in the amount purchased from the City of San Diego and effecting so great a saving in operating expenses that the rates charged by Coronado Water Company for water delivered to Peterson, and established by this Commission in Decision No. 9948, dated December 29, 1921, could be very materially reduced. This reduction, it was claimed, would permit the establishment of a much lower rate to be paid by consumers on the Peterson System.

Attention is called to the fact that the decision fixing rates to be charged by Coronado Water Company contained the following statement:

"Conditions of water supply on this system are so uncertain that the establishment of any schedule of rates can be regarded only as a temporary expedient and for this reason the Commission will keep in close touch with the situation, and, whenever justified, will make such further order as is proper in the premises."

Coronado Water Company was also ordered to file monthly

statements with the Commission setting forth revenues, operating expenses and statistics of water production and deliveries so that the Commission could be at all times fully informed as to the situation.

Consumers on this system may rest assured, should it appear at any time that Coronado Water Company is receiving an exorbitant return for the service rendered, that this Commission will immediately institute proceedings upon its own motion and make such revisions of rate schedules as are justified by the findings.

O R D E R

E. W. Peterson having made application for authority to increase rates for water delivered to his consumers, 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 E. W. Peterson for water delivered to his consumers in Palm City, South San Diego, Imperial Beach, and vicinity, San Diego 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 E. W. Peterson be and he is 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 his consumers:

MONTHLY MINIMUM CHARGES

[illegible]

MONTHLY CHARGE FOR WATER DELIVERED

From 0 to 30,000	cubic feet,	per 100	cubic feet,	\$0.28
Over 30,000	"	"	"	0.25

IT IS HEREBY FURTHER ORDERED that E. W. Peterson be and he 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 his consumers, such rules and regulations to become effective upon their acceptance by the Commission.

IT IS HEREBY FURTHER ORDERED that E. W. Peterson be and he is hereby directed to file with this Commission, on or before the last day of each month, a complete statement of operating expenses, revenues from the sale of water, the quantity of water purchased from Coronado Water Company, and the quantity of water sold to consumers during the preceding month.

Dated at San Francisco, California, this 17th day of March, 1922.
~~February~~

H. S. Lovell
Dwight Martin
Charles F. Rice

Commissioners.