

Decision No. 16743.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

L. LUCILLE STEINMETZ  
vs.  
IMPERIAL UTILITIES CORPORATION

Case No. 1694.

Thomas A. Berkebile, for complainants,  
City of Monterey Park, Wilmar Chamber  
of Commerce and Monterey Park Chamber  
of Commerce.

Benjamin W. Shipman, for Ramona Acres  
and Wilmar Chamber of Commerce.

L. M. Chapman, for defendant.

BY THE COMMISSION.

O P I N I O N

This is a complaint against the reasonableness of the rates charged by Imperial Utilities Corporation, which operates a public utility water system in and in the vicinity of Monterey Park, Los Angeles County.

The complaint alleges that the rate established by this Commission in its Decision No. 8940, dated May 6, 1921, has been found to be prohibitive and a burden to the consumers in that the minimum charge and the minimum usage permitted have created excessive rentals for the service received. The Commission is therefore asked to investigate the matter and grant the neces-

sary relief.

A public hearing in this matter was held at Los Angeles, before Examiner Williams.

Prior to August 24, 1920, the rates in effect on this system were as follows:

For service through a 5/8 inch meter, a minimum rate of \$1.50 for 1750 cubic feet or less per month.

From 1750 to 3000 cubic feet, \$0.085 per 100 cubic feet.

Over 3000 cubic feet, \$0.05 per 100 cubic feet.

Good cause having been shown, the Commission, by Decision No. 7985, granted defendant herein a temporary emergency surcharge of twenty-five per cent. to apply upon all bills rendered subsequent to August 24, 1920.

The rates now in effect were fixed by the Commission by Decision No. 8940, dated May 6, 1921, in Application No. 6033, entitled: "In the Matter of the Application of H. N. Siegfried as receiver of Imperial Utilities Corporation for authority to increase rates." These rates are as follows:

MONTHLY MINIMUM CHARGES

5/8 inch meter	.....	\$1.25
3/4 " "	.....	1.50
1 " "	.....	2.00
1 1/2 " "	.....	2.75
2 " "	.....	3.50
3 " "	.....	5.00

MONTHLY METER CHARGES

From 0 to 500 cubic feet, per 100 cubic feet	.....	\$0.25
" 500 to 1000 " " " " " "	.....	0.20
" 1000 to 5000 " " " " " "	.....	0.15
Over 5000 " " " " " "	.....	0.10

The system serves approximately 1200 consumers, about 90

per cent. of whom are metered, the remainder being served at flat rates based upon a charge of \$1.50 per month for a house of five rooms or less with toilet and bath.

The principal objection on the part of complainants to the present rates is because of the fact that the monthly minimum charge of \$1.25 allows the use of only 500 cubic feet of water, whereas the former rate of \$1.50 permitted the use of 1750 cubic feet, the result being, according to complainants, that their bills for water consumed have increased to an unreasonable extent.

The evidence shows that the majority of those who testified owned or resided upon tracts of land varying from one half to three acres in area, upon which citrus or deciduous fruit trees or vegetables are grown. This class of users undoubtedly requires more water than is used for ordinary domestic and lawn service.

Tabulations of water use introduced at the hearing indicated that 32 per cent. of all consumers used less than 500 cubic feet per month during the year ending July 1, 1919. For the year ending July 1, 1920, this percentage was 40, and for the calendar year 1921 was 36 per cent. It is evident, from the large portion of consumers who use less than 500 cubic feet per month, that any increase in the monthly minimum charge would result in placing an unfair burden upon a large number of consumers of small quantities of water, by compelling them to pay for part of the water used by those who irrigate small orchards or large lawns or gardens.

Mr. M. R. MacKall, one of the Commission's hydraulic engineers, presented a report covering an investigation of the system, in which the estimated original cost of the system was given

as \$167,046. This report also showed a depreciation annuity calculated by the sinking fund method, of \$3,376. Reasonable maintenance and operating expense was set out as \$19,061 per year.

Annual charges based upon the foregoing items are as follows:

Return at 8% upon \$167,046. . . . .	\$13,364
Depreciation Annuity. . . . .	3,376
Maintenance and operating expense . . . . .	19,061
Total. . . . .	\$35,801

Revenues for the year 1921 were \$34,592, or \$1,209 less than the foregoing annual charges. It appears, therefore, that the utility did not in 1921 receive an unreasonable return.

Testimony indicates that the service rendered by this utility in the past has at times been inadequate. These conditions have, however, been so greatly improved that there is now very little cause for complaint.

Complaint was also made that at times the water delivered contained oil and was unfit for use. This condition evidently resulted from leakage from a pump into the well. As this pump has been replaced it is improbable that this condition will continue.

The evidence presented shows that certain of the distribution mains are in a leaky condition and that there is some loss of water as a result. The utility should, therefore, make all necessary repairs to its pipe lines and thereafter maintain them in good order and condition.

ORDER

Complaint having been made against the rates charged by Imperial Utilities Corporation as entitled above, a public hearing having been held thereon and the matter having been submitted,

