

Decision No. 10852

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of HARBOR CITY WATER COMPANY for an increase in water rates.

ORIGINAL

Application No. 7876.

Walter E. Burke, for applicant.
Louis Jackson, for Citizens of Harbor City.
E. O'Connell in propria persona and for other consumers.

BY THE COMMISSION.

O P I N I O N

Harbor City Water Company, applicant herein, asks authority to increase the rates for supplying domestic and irrigation water in and in the vicinity of Harbor City, Los Angeles County, California. The application alleges in effect that the present schedule of rates is not sufficient to pay operating expense, depreciation and a reasonable return upon a fair value of property devoted to public use.

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

The present schedule of rates was put into effect voluntarily by the predecessor of applicant during the war period to aid in the so-called "war garden" campaign and consumers have enjoyed these rates since that time. The rates follow:

MONTHLY METER RATES

1500 cubic feet or less,.....	\$ 1.00
1500 cubic feet to 2500 cu.ft. per 100 cu.ft.,.....	.06
All in excess of 2500 cubic feet, per 100 cu.ft.,...	.05

The water supply for this system is pumped from a well into storage reservoirs from which it is distributed to its points of use, serving approximately 250 consumers.

The testimony shows that this system was installed to aid in the sale of real estate and was operated in connection with the land company until April 27, 1922, when its separation from the non-public utility land business was authorized by the Railroad Commission in its Decision No. 7307, dated April 27, 1922.

Mr. F. H. Van Hoesen, of the Railroad Commission's engineering staff submitted a report based upon a field investigation and a study of the records of the company. It included an estimate of the original cost of the useful properties of this utility, compiled by Mr. John Spencer, also of the Commission's engineering force, which shows the original cost of the system to be \$75,410.00, and a replacement annuity, computed by the 6% sinking fund method, of \$1,755.00. A reasonable maintenance and operating expense was estimated at \$3,815.00. No other estimates were submitted nor were the above figures questioned. A careful analysis indicates the estimates are fair, and they will be used for the purposes of this proceeding.

Annual charges based on the foregoing items areas follows:

Return at 8% on \$75,410.....	\$6,033.00
Replacement Annuity.....	1,755.00
Maintenance and Operating Expense.....	3,815.00
TOTAL.....	\$11,603.00

The revenue from the sale of water in 1921 amounted to \$2,592.80 and for the first five months of 1922, to \$1,295.66. These figures would seem to indicate that applicant is entitled to an increase in revenue.

The testimony shows, however, that the system covers a large,

sparsely settled territory, and a rate sufficiently high to give a full return upon the total investment in the system as outlined above would unduly burden the present consumers. The testimony of applicant is to the effect that a return on the investment is not urged in this proceeding.

The rate schedule set out in the accompanying order is designed to yield the cost of maintaining and operating the system, a proper replacement annuity, and a sum in addition to be available as a return upon the investment.

O R D E R

Harbor City Water Company having made application as entitled above, a public hearing having been held therein and the matter being now submitted for decision:

IT IS HEREBY FOUND AS A FACT that the rates now charged by Harbor City Water Company for water delivered to consumers in and in the vicinity of Harbor City, 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 Harbor City Water Company be and it 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 public utility consumers in and in the vicinity of Harbor City, effective for all water delivered subsequent to August 31, 1922, or the meter reading period next preceding that date:

MONTHLY MINIMUM CHARGES

5/8-inch meter.....	\$ 1.00
3/4-inch meter.....	1.25
1 -inch meter.....	1.75
1 1/2-inch meter.....	2.50
2 -inch meter.....	3.00
3 -inch meter.....	4.00
4 -inch meter.....	5.00

MONTHLY CHARGES FOR WATER CONSUMED

From 0 to 400 cubic feet, per 100 cubic feet.....	\$0.25
From 400 to 1000 cubic feet, per 100 cubic feet.....	.20
From 1000 to 5000 cubic feet, per 100 cubic feet.....	.15
All over 5000 cubic feet, per 100 cubic feet.....	.06

IT IS HEREBY FURTHER ORDERED that Harbor City Water Company be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations to govern its relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this 11th
day of August, 1922..

H. B. Boudry
James Martin
Paul H. Kneale

Commissioners.