

Decision No. 11420.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application
of the INVESTMENT WATER COMPANY,
a public utility, for authority
to increase rates.

Application No. 8220.

Flint, MacKay & Bowen, by W.A.Bowen, J.H.Schenck
and W.R.Flint, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Investment Water Company, incorporated, asks authority to increase its rates for water delivered to consumers on the properties of the Los Angeles Investment Company in Southwest Los Angeles, Los Angeles County, California. Applicant alleges in effect that the present rates charged consumers do not produce sufficient revenue to cover maintenance and operating expense, depreciation, and an adequate return upon the investment.

Public hearings were held in this matter at Los Angeles before Examiner Williams, of which hearings all interested parties were notified and given an opportunity to be present and be heard.

It appears that the Investment Water Company was incorporated on November 18, 1918, taking over, by authority of this Commission, the Sentinel Heights Water Company. The water system

at the present time supplies approximately 620 consumers. Water is pumped from wells into the mains and two large storage reservoirs, having a combined capacity of 100,000 gallons. The pipe lines are all cast iron, ranging from four to eight inches in diameter. The services are all metered.

The present rates charged by the utility are as follows:

7 cents per 100 cubic feet, with
a monthly minimum of 75 cents.

It will be noted that the above rates are less than those charged for the same service by the water department of the City of Los Angeles, which serves adjacent territory.

The evidence presented indicates that the territory served by the applicant is still in the development stage and growing rapidly. The water system was installed largely as an adjunct to a real estate promotion program of an allied concern.

Applicant shows a book value of plant amounting to \$50,447.83; maintenance and operation expense for year 1921 as \$4,887.17; depreciation annuity \$978.86, computed by the straight line method. While these sums do not agree with the figures presented by Mr. Van Hoesen of the Commission's engineering staff, it is unnecessary, considering the stage of development of this system, to attempt a rigid reconciliation of the estimates submitted.

It is evident that the revenues of 1921, amounting to \$4,831.10, are not commensurate with the annual charges to which applicant is entitled and that some adjustment should be made. The rates established in the following order will yield an amount sufficient for the cost of maintaining and operating this system, provide an ample replacement annuity and a sum in addition available for a proper return upon the investment in used and useful property devoted to the public service.

O R D E R

The Investment Water Company having applied to the Railroad Commission for authority to increase the rates charged for water service in a section of the southwest portion of the City of Los Angeles, Los Angeles County, California, a public hearing having been held, and the matter having been submitted,

It Is Hereby Found as a Fact that the rates and charges of the Investment Water Company in so far as they differ from the rates and charges herein established, are unjust and unreasonable, and that the rates herein established are just and reasonable for the service rendered by this applicant.

And basing its order on the foregoing findings of fact and on the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the Investment Water Company be and it is hereby authorized and directed to file with this Commission within twenty (20) days of the date of this order the following rates, said rates to be charged for all water service rendered subsequent to January 31, 1923, or the nearest meter reading period thereto:

MONTHLY METERED RATES

From	0 to 10,000 cubic feet, per 100 cu.ft.	\$0.10
From	10,000 to 50,000 cubic feet, per 100 cu.ft.	.085
From	50,000 to 100,000 cubic feet, per 100 cu.ft.	.07
For use over	100,000 cubic feet, per 100 cu.ft.	.05

MONTHLY MINIMUM CHARGES

5/8" or 3/4" meters.	\$0.75
1" Meters	1.00
1 1/2" Meters	1.50
2" Meters	2.00
3" Meters	3.00

The charge for each fire hydrant in service shall be at the rate of Twenty-four Dollars (\$24.00) per annum.

IT IS HEREBY FURTHER ORDERED that the Investment Water Company file with this Commission for its approval, within thirty (30) days from the date of this order, rules and regulations to govern its relations with its consumers.

IT IS HEREBY FURTHER ORDERED that the effective date of this order be and it is hereby designated as January 10, 1923.

Dated at San Francisco, California, this 29th day of December, 1922.

H. H. Brundage

James Martin

J. F. Sanders

Commissioners.