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Decision No. _____

ORIGINAL

Decision No. 2938

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In the Matter of the Application)	
of OTAY VALLEY WATER COMPANY, a)	<u>Application</u>
corporation, for authority to in-)	
crease the water rates.)	<u>No. 1871.</u>

W. S. Broderick for applicant.

E. L. Thomas for water users.

BY THE COMMISSION.

O P I N I O N

This is an application for an increase in rates charged for water furnished the residents of the tracts known as Broderick's Otay Acres and Woodlawn Park, in San Diego County.

The Otay Valley Water Company was incorporated for the purpose of installing a water system to supply the above named tracts, which were subdivided and placed on the market by the owners of both the land and the utility.

The company receives its water supply from the Coronado Water Company and distributes it to the residents of these tracts.

The company at present is selling water at the rate of ten cents per 1,000 gallons, with a minimum charge of \$1.00 per month for 10,000 gallons, or less. There are no written contracts between the company and purchasers of the land as to rates to be charged for water, nor has the company ever sold any of the land within the tracts with the understanding of any permanent water rates to investors.

The Coronado Water Company charges applicant twelve cents per 1,000 gallons, or two cents per thousand gallons more than the applicant receives from its consumers. The company now asks permission to collect twenty-five cents per 1,000 gallons, with a minimum charge of \$2. per month.

A public hearing in this proceeding was held on Tuesday, September 28th, at San Diego. At the hearing the hydraulic engineers of the Commission submitted an appraisal by which it was estimated that the cost new of the physical properties and the real estate necessary to the water system is \$8,041, annual depreciation on the plant \$512, and the cost new less depreciation \$6,166. The evidence shows the annual maintenance and operating expense to be approximately \$575.

The water system is built to serve 160 one-acre lots. At the present time there are eighteen houses on the tracts and eight of these

are now occupied. The system, although built to serve the entire tracts, at present supplies only one-twentieth of the lots.

The Commission has discussed fully in a number of cases, particularly in the case of the City of Huntington Beach v. Huntington Beach Company 5 C.R.C. 275, and in Rogers, et al, v. Sacramento Valley West Side Canal Company, Decision No. 2485, the injustice of charging against present consumers a system built unreasonably beyond present demands. Economical construction requires that the system be somewhat larger than necessary for present use but not to the extent manifested here.

After considering all the facts of this case, and bearing in mind the fair value to be assigned to that portion of the company's capital investment which is justly chargeable to the present consumers, we find that the following rates will be just and reasonable to be charged by the applicant herein to its consumers:

Minimum per month for any use entitling consumer to 600 cubic feet	\$1.25
Amounts over 600 cubic feet per month ..	.15 per 100 cubic feet.

ORDER

Application having been made by the Otay Valley Water Company for permission to increase the rates charged by them to consumers for water, and a

public hearing having been held and the matter having been submitted,

IT IS HEREBY FOUND AS A FACT by the Railroad Commission of the State of California that the present rates being charged by Otay Valley Water Company for water delivered to consumers in what are known as Broderick's Otay Acres and Woodlawn Park, insofar as they differ from the schedule of rates herein found reasonable, are non-compensatory, and that the rates set out in the following order are just and reasonable rates to be charged for water delivered to consumers.

Basing its order upon the foregoing finding of fact and the further findings of fact set out in the Opinion preceding this Order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that the Otay Valley Water Company be, and said company is hereby, authorized to put into effect within thirty days from the date of this order the following schedule of rates to be charged for water in what are known as Broderick's Otay Acres and Woodlawn Park tracts, San Diego County.

Minimum per month for any use entitling consumer to 600 cubic feet..... \$1.25

Amounts over 600 cubic feet per month.. .15 per 100 cubic feet.

Dated at San Francisco, California, this 27th day of November, 1915.

Max Thelen
W. J. Loveland
W. J. Gordon
Edwin H. Edgerton
Arthur R. Fowler
Commissioners,