

ORIGINAL

Decision No. 3804

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
 of LAKE HEMET WATER COMPANY, a)
 Corporation, for an order estab-)
 lishing the rates to be charged)
 and collected by it for water)
 sold in the County of Riverside,)
 State of California.)

Application No. 1842

Oscar Lawler, James E. Degnan, W. A. Purington,
 Hugh E. Craig and William M. Collier for
 Lake Hemet Water Company.
 E. E. Keech for Water Users.
 Hunsaker & Britt, by Joseph L. Lewinsohn, for
 protestant Claude M. Hart.
 H. S. Dukes, City Attorney, for City of Hemet.

BY THE COMMISSION.

O P I N I O N.

Lake Hemet Water Company asks the Railroad Commission to make its order establishing just and reasonable rates to be charged by petitioner for water sold for irrigation and domestic purposes in Riverside County, California. Petitioner contends that the revenue derived by it from the sale of water is insufficient to pay even operating and maintenance expenses. Petitioner asks that the Railroad Commission establish rates which will pay operating and maintenance expenses, provide a depreciation annuity and yield a reasonable return upon the fair value of the property.

The petition herein alleges, in effect, that petitioner is a California corporation; that petitioner is the owner of the Lake Hemet Water system in the County of Riverside; that ever since its incorporation petitioner has been and now is engaged in the business of impounding, collecting, distributing and selling water for compensation for irrigation and domestic purposes and that petitioner is a public utility; that the total

area of the territory to which petitioner's water has been dedicated is approximately 7,000 acres and that the total area now being served with water by petitioner is 5,565 acres; that the area to the service of which petitioner's water has been dedicated is, in general, described as the Francisco Estudillo Tract, in the San Jacinto Valley, in Riverside County, a portion of the acreage now or formerly owned by Hemet Land Company adjoining the Estudillo Tract on the east and certain lands of Fairview Land & Water Company adjoining Hemet Land Company's lands on the east; that petitioner is charging the rates for water set forth in Exhibit "D" attached to the petition; that the total revenue derived by petitioner from the sale of water during the two years commencing January 1, 1913, was \$71,931.04, and that the cost of operating and maintaining petitioner's system during the same period, with a reasonable allowance for depreciation annuity, was approximately \$102,704.96; that the present value of petitioner's water system is \$600,000.00; and that at present rates, petitioner is annually incurring a loss in the operation of its water system.

Petitioner asks that the Railroad Commission make its order increasing its rates so as to yield to petitioner a fair return over and above the actual cost of operation, maintenance and depreciation of its water system.

Approximately 300 consumers of water of Lake Hemet Water Company joined in an answer and protest against the granting of the petition herein. These consumers allege that the Railroad Commission has no jurisdiction in this proceeding, for the reasons that petitioner herein is not a public utility, that the water furnished by petitioner has not been dedicated to public use but is supplied to these consumers solely under private contracts, and that the establishment by the Railroad Commission of rates herein would amount to a taking of the property of these consumers and an impairment of the obligations

of their contracts in violation of well known provisions of the State and Federal constitutions. These consumers allege that petitioner herein was organized and has always been and now is controlled by the same stockholders who own and control Hemet Land Company, a corporation which acquired in excess of 5,000 acres of land in San Jacinto Valley; that the purpose of petitioner always has been to supply water for irrigation and domestic use upon the lands of Hemet Land Company at the cost of operation and maintenance of the water system; that each consumer is the owner of a portion of the land sold and conveyed by Hemet Land Company and also of a certificate of water right sold by petitioner herein in connection with the sale of said land by Hemet Land Company; that each water right certificate specifies a rate for which petitioner has agreed to sell water to the holder thereof, which petitioner now asks authority to increase; and that by the purchase of said land and water right, each consumer has become vested with an easement and right in and to the water and water system of petitioner herein.

Subsequent to the filing of their answer and objections, said consumers of petitioner filed an amendment to their answer alleging that by the purchase of their respective parcels of land each consumer became the owner of a portion of the Rancho San Jacinto Viejo, which rancho is riparian to San Jacinto River, and that to each parcel of land thus purchased by these consumers there was at the time of each purchase and now is attached a riparian right in the waters of the San Jacinto River and an appurtenant right of way for the construction and operation of an irrigation ditch from each said parcel of land to said river and a right to receive from said river water for the irrigation of such land. The consumers allege that these riparian rights were preserved and secured to each parcel of land by the decree in partition of said rancho entered on November 22, 1882, in the

Superior Court of San Diego County, in an action entitled M. F. Bouton vs. Miguel Pedrorena, and that petitioner by means of its water system is delivering to each of said consumers the water to which they are entitled as owners of land to which said riparian rights are attached.

Mr. Claude M. Hart, an owner of land in the Fairview Land & Water Company tract, also filed a protest, which protest will be referred to in more detail in the decision this day being rendered in Application No. 1843, Fairview Land & Water Company and Lake Hemet Water Company.

Public hearings in this proceeding were held in Hemet, Riverside County, on January 14, 15, 17, 25, 26, 27 and 28, 1916. At these hearings it was stipulated that the evidence in this proceeding and in Application No. 1843, being a proceeding in which Fairview Land & Water Company asks authority to lease certain water rights ~~and other property~~ to Lake Hemet Water Company, might be taken together and that all the evidence presented might be considered, in so far as material, in each of these two proceedings. Briefs have been filed and this proceeding is now ready for decision.

The subject matter of this opinion will be considered under the following heads:

- I. Jurisdiction.
 - 1. Public utility.
 - 2. Dedication of water.
 - 3. Constitutional rights.
- II. Rates.
 - 1. Petitioner's system--historical and physical..
 - 2. Present rates.
 - 3. Financial result of petitioner's operations.
 - 4. Rates proposed by petitioner.
 - 5. Valuation.
 - 6. Depreciation annuity.
 - 7. Operating and maintenance expenses.
 - 8. Rates herein established.

I.

JURISDICTION.

The consumers herein urge that the Railroad Commission has no jurisdiction for ~~consideration~~ the following reasons:

- (1) That Lake Hemet Water Company is not a public utility.
- (2) That the water sold by Lake Hemet Water Company to the consumers herein has not been dedicated to public use.
- (3) That the establishment of rates herein by the Railroad Commission would violate the constitutional rights of the consumers.

Each of these contentions will now be considered.

(1) Public utility.

The consumers concede that in so far as the supply of domestic water to persons other than the holders of water certificates ~~are~~^{is} concerned, petitioner is a public utility. The consumers, however, urge that with reference to the water sold by petitioner to holders of water right certificates under contract with the consumers or their predecessors, petitioner is not a public utility.

Lake Hemet Water Company was incorporated on January 22, 1887, under the laws of this State. The purposes for which petitioner was organized are stated in its articles of incorporation to be as follows:

"To acquire by purchase and appropriation water and water rights, and to develop water, and to use, hold and enjoy the same, and all easements appurtenant to such rights, and to acquire all other and further easements necessary for the storing, convenience, ~~and~~ use, sale or other disposal of such water in the County of San Diego and elsewhere in the State of California; and to construct dams, reservoirs, flumes and ditches and other conduits for the storage and distribution thereof; and to supply the inhabitants of the towns in San Jacinto Valley with pure water for domestic purposes."

Pursuant to these purposes, petitioner acquired certain water rights and constructed its water system, as will hereinafter appear in greater detail.

Mr. W. F. Whittier, who was one of the incorporators of Lake Hemet Water Company and is now its President, testified with reference to the company's policy from the outset, as follows: (Transcript, p. 187)

"It was our policy after bringing the water down from the mountains in pipe lines and ditches to develop this valley and to sell it to everyone that wanted water."

Mr. Whittier further testified that this policy was carried into effect and is still pursued.

Resolutions adopted by petitioner's Board of Directors, from time to time, provided for the sale of water to all persons desiring to purchase the same and the establishment of rates, rules and regulations.

In 1887, petitioner established the first of its three forms of contracts for the sale of water.

In 1890, petitioner tapped its four inch pipe line, made connections with the pipe line running into the town of Hemet and turned on the water for sale in the Town of Hemet.

On June 12, 1890, petitioner's Board of Directors adopted a resolution providing that the company "will supply the inhabitants of the Town of Hemet with water for domestic use for one family and the irrigation of one 50-foot lot at a monthly rental of one dollar."

In 1890 and 1892 petitioner authorized its manager to sell water to Elsinore Irrigation District and San Jacinto Estate, Limited. These transactions, however, apparently were not consummated.

On September 7, 1892, petitioner's Board of Directors established rates for the sale of water to flour mills, stables, blacksmith shops, saloons, boarding houses, hotels, restaurants,

stores and dwelling houses.

The testimony shows that petitioner has continuously been prepared to sell water for both irrigation and domestic purposes to all persons willing to pay its established rates.

Petitioner adopted rules and regulations for the sale of water for irrigation and domestic uses, which rules were printed and distributed to its consumers, and referred to in petitioner's advertisements. Petitioner's business has grown from its initial supply of domestic water to the first inhabitants of what is now the Town of Hemet until in 1915, as shown by petitioner's annual report for the year ending December 31, 1915, on file with the Railroad Commission, petitioner sold water through 85 meters for irrigation, 481 meters for domestic use, five meters for manufacturing and power and six meters for public use. During the same year petitioner sold water measured through other devices for the irrigation of 5,554 acres of land.

Approximately 2500 people, including approximately 1500 in the Town of Hemet, rely upon petitioner's system as their sole source of water.

Petitioner has filed its rates, rules and regulations with the Railroad Commission, has kept its books of account and filed its annual reports in accordance with the directions of the Railroad Commission and has in all other respects complied with the rules and regulations of the Railroad Commission.

Petitioner is a water company incorporated under the laws of this State. It is the owner of a water system and in control of waters which it sells for compensation. For more than 25 years, petitioner has been engaged in the sale of water to the entire public on the land to the service of which petitioner has dedicated its water. Petitioner has fixed and enforced rates, rules and regulations for the service of water for irrigation and domestic purposes and to the Town of Hemet for public purposes. Without objection from any consumer, petitioner has submitted itself entirely to the jurisdiction of the Railroad

Commission ever since the effective date of the Public Utilities Act.

Under the provisions of Section 23 of Article XII of the Constitution of California and of the Public Utilities Act, and of Chapter 80 of the Laws of 1913, there can be no reasonable doubt with reference to petitioner's character. The evidence is clear and conclusive and we expressly find that Lake Hemet Water Company is a public utility and subject to the supervision and regulation of the Railroad Commission.

(2) Dedication of water.

While admitting in their brief that petitioner has made a prima facie showing that it is a public utility, the consumers earnestly urge that the water distributed to them by petitioner has not been dedicated to a public use.

This water was acquired by petitioner partly by appropriation and partly by purchase of the riparian rights on San Jacinto River.

As shown by the notices of appropriation, the waters appropriated by petitioner were claimed "for domestic and irrigation uses and for agricultural and manufacturing purposes and also for the generation of mechanical and electrical power and energy." The evidence shows that petitioner has been willing to sell this water to any person willing to pay for it within the general area to the service of which the water has been dedicated, being substantially the Francisco Estudillo tract in the San Jacinto Valley, the Hemet Land Company tract adjacent to the east, and certain lands of the Fairview Land & Water Company adjacent to the east of the Hemet Land Company's tract. The lands of all the consumers herein are located in this general area.

The consumers herein urge that they are entitled to water, under riparian rights, from San Jacinto River and that petitioner has been selling water to them, in recognition of

this right, at the mere cost of operating and maintaining its system. All of the lands of the consumers herein are a part of the Rancho San Jacinto Viejo, a Mexican rancho, partitioned in 1882. By the decree in partition, all these lands which theretofore had been riparian to San Jacinto River, had their riparian rights reserved and access to the stream preserved by explicit provisions in the decree. The riparian rights of the allottees were conveyed, together with the land, by the allottees to Mr. Whittier and his associates. These same men purchased other rights to water in the San Jacinto River, which had been appropriated by third parties. These men were themselves the owners both of the land and the water. They thereafter sold the land, in small parcels, but none of the deeds of conveyance purport to convey any riparian rights. None of the parcels of land now owned by the consumers herein abut upon or extend to San Jacinto River.

The case seems to be covered by the rule enunciated in Anaheim Water Company vs. Fuller, 150 Cal. 307, 331:

"If the owner of a tract abutting on a stream conveys to another a part of the land not contiguous to the stream, he thereby cuts off the part so conveyed from all participation in the use of the stream and from riparian rights therein, unless the conveyance declares the contrary. Land thus conveyed and severed from the stream can never regain the riparian right, although it may thereafter be reconveyed to the person who owns the part abutting on the stream, so that the two tracts are again held in one ownership. (Boehmer v. Big Rock C. I. Dist. 117 Cal. 26 (48 Pac. 908); Alta Land Co. v. Hancock, 85 Cal. 229, (20 Am. St. Rep. 217, 24 Pac. 645); Lux v. Haggin, 69 Cal. 424, (10 Pac. 674) Watkins L. Co. v. Clements, 98 Tex. 578, (107 Am. St. Rep. 653, 86 S.W. 738, 835); 2 Farnham on Waters, 1572 sec. 463a)."

From 1887 until 1916, no claim, in so far as the record discloses, was made on behalf of any consumer of water from petitioner herein that his service was to be rendered in recognition of his right as a riparian owner. In this very

proceeding, counsel for consumers stipulated that their ownership of water was founded upon their purchase of water right certificates from petitioner herein. This stipulation excludes the possibility that the rights of these consumers are based upon their ownership of land which was formerly part of a larger tract enjoying riparian rights.

We are satisfied from the evidence herein, not merely that petitioner is a public utility, but also that all the water owned or controlled by it has been and is now dedicated to public use.

(3) Constitutional rights.

The foregoing analysis would seem to indicate clearly that there is no merit in the contention of the consumers that the establishment of rates by the Railroad Commission herein would deprive them of their property without due process of law in violation of Section 14 of Article I of the Constitution of this State, and of Section 1 of the Fourteenth Amendment to the Federal Constitution.

The consumers further urge that the establishment of rates herein by the Railroad Commission would impair the obligations of their contracts with petitioner, in violation of Section 10 of Article I of the Federal Constitution.

That every public utility which enters into a contract for service to a consumer does so subject to the reserved power of the State to alter or amend such contract in the exercise of its power to supervise and regulate public utilities is clearly established by the authorities. We refer to the following decisions of the Railroad Commission and to the authorities therein cited:

In re Murray and Fletcher (Vol. 2, Opinions and Orders of the Railroad Commission of California, p. 464); Town of Ukiah

vs. Snow Mountain Water and Power Company (Vol. 4, Opinions and Orders of the Railroad Commission of California, p. 293); Town of Sausalito vs. Marin Water and Power Company (Vol. 8, Opinions and Orders of the Railroad Commission of California, p. 252).

We are satisfied, after a careful review of the objections urged by the consumers herein, that the Railroad Commission has jurisdiction in this proceeding and that it is our duty to proceed and to establish just and reasonable rates to be charged by petitioner.

II.

R A T E S

1. Petitioner's system--a - historical and physical.

Petitioner's water system consists of water shed lands, the Lake Hemet Reservoir on the South Fork of San Jacinto River, diversion works at four points of diversion, transmission mains of riveted steel and wood pipe, wooden flume and lined ditch and a distributing system of wooden and concrete flume, concrete and riveted steel pipe, all used in the delivery of water to wholesale and irrigation consumers. In addition, petitioner owns and operates a separate system with a separate diversion for the distribution of water through riveted steel and standard screw pipe to domestic consumers.

Lake Hemet Dam was originally planned for a height of 150 feet. The greatest height^{to} which petitioner has any definite plan for raising the crest is 137 1/2 feet. The present height of the dam is 122 1/2 feet.

Water turned out of Lake Hemet flows for several miles down the bed of San Jacinto River and is then diverted into

the transmission system at a point on the North Fork of San Jacinto River, a few hundred feet above its junction with Strawberry Creek. At this point there is a concrete diversion weir and sand box. The waters of Strawberry Creek are likewise diverted a few hundred feet above the junction point and are carried into the same sand box by a flume across the South Fork of the San Jacinto River. From the points thus indicated, a distributing system, aided by a reservoir of about 2400 miner's inch days capacity, conveys the water to the irrigation and domestic area in San Jacinto Valley.

In the operation of its system, petitioner for more than 15 years has had the control and use of 17/20ths of the water of the North Fork of the San Jacinto River and Strawberry Creek under agreements with Fairview Land & Water Company, the owner of such waters.

As long as the supply is equal to the demand, petitioner supplies to its customers free flowing water from the North Fork of the San Jacinto River, Strawberry Creek and that portion of the South Fork of the San Jacinto River which is below the diversion point. When the supply of water in the river decreases in volume, generally about July 1st of each year, the storage supply of Lake Hemet is released and supplements the decreased summer flow of the river and its branches.

Lake Hemet Water Company claims the ownership of 494 miner's inches of water and Fairview Land & Water Company the ownership of 181 miner's inches. Under the decision of the Supreme Court of California in Copeland, et al., vs. Fairview Land & Water Company, 165 Cal. 148, the purchasers of land from Fairview Land & Water Company are entitled to the use of 3/20ths of the water controlled by Fairview Land & Water Company.

Water was first sold by petitioner in 1887 for domestic use in what is now the Town of Hemet. From 1887 until 1895 water was supplied entirely from the

San Jacinto River and its tributaries.

Work on Lake Hemet Dam started on January 5, 1891, and the structure was completed in 1905.

The territory served with water by petitioner and the number of consumers of various classes have already been referred to.

Mr. W. S. Post, testifying in behalf of petitioner, presented petitioner's Exhibit No. A-20, in which exhibit Mr. Post reaches the conclusion that the safe yield of petitioner's system is 161,000 miner's inch/^{days} annually, or 6376 acre feet, delivering 725 miner's inches during the irrigating season.

2. Present rates.

Petitioner alleges that its rates now in effect are as set forth in Exhibit "D" attached to the petition herein. These rates are as follows:

IRRIGATION.

- (a) Contracts covering 69.36 acres at the rate of five (5.00) dollars per acre per year.
- (b) Contracts covering 5874.77 acres at the rate of two (2.00) dollars per acre per year.
- (c) Extra irrigating water, at the rates of 10¢, 25¢ and 50¢ per California miner's inch for all water used in excess of amounts allowed under contracts at various times during the year; the 10¢ rate applying when there is a large over-abundance of water; the 25¢ rate applying when there is an abundance of water immediately preceeding the opening of the irrigating season April 14th; and the 50¢ applying during the irrigation season of two hundred and fourteen (214) days.

DOMESTIC.

- (a) Five (5.00) dollars per year for one family, using water under regular contract to the amount of twenty-seven (27) cubic feet per day. This five dollar rate is payable for the five

non-irrigating months beginning November 15th of each year and extending to April 15th of the following year. Under these contracts domestic water to the extent of twenty-seven(27) cubic feet per day during the irrigating season of seven (7) months per year, is furnished free of cost.

(b) For those users under contracts, where the amount used is in excess of twenty-seven (27) cubic feet per day, at the rate of 3¢ per one hundred (100) cubic feet for all excess water used in each month.

(c) For certain consumers who have surrendered water certificates and waived their right to irrigation water thereunder, for purposes of subdivision of ^{their} land, at the rate of \$1.50 per month, for a quantity of water not exceeding 27 cubic feet per day; and 3¢ per 100 cubic feet for all water used in any one month in excess of said 27 cubic feet per day.

(d) For certain users of domestic water who retain their regular water certificates, but have installed additional domestic connections,--at the rate of \$1.50 per month for such additional connection, for a quantity of water not exceeding 27 cubic feet per day, and for all water used in excess of said 27 cubic feet per day, at the rate of 10¢ per 100 cubic feet for such excess.

(e) For certain consumers who have been supplied with domestic water for lands not under water certificates, at the rate of 12½¢ per 100 cubic feet straight, with a minimum charge of \$1.50 per month.

Petitioner sells water at wholesale to Hemet Town Company for \$320.00 per year, which company distributes to a large portion of the domestic consumers in the Town of Hemet.

Petitioner also sells water directly to the Town of Hemet for flushing the sewers, this water being paid for at the ~~xxx~~ established meter rates. Water for street sprinkling is sold to the Town of Hemet from certain fire hydrants. No payment

is made by the town of Hemet for fire hydrant service apart from street sprinkling. Petitioner holds itself out as being willing to supply water through the fire hydrants for fire protection.

3. Financial results of petitioner's operations.

Railroad Commission's Exhibit No. 9 herein shows that the total operating expenses of petitioner between the date of its incorporation and December 31, 1914, as shown by the books of petitioner, have been \$512,353.87. From this amount should be subtracted an amount of \$93,607.43, being depreciation carried as operation and maintenance, leaving a total of \$418,746.44 for operating and maintenance expenses.

The total operating revenue after deducting receipts from the sale of water rights, to which matter more detailed reference will hereinafter be made, is shown by the books to have been \$239,824.47. It thus appears that the result of petitioner's operations under its rates now in effect has been a gross revenue of \$178,921.97, less than bare operating and maintenance expenses.

Petitioner shows, in Exhibits "E" and "F" attached to the petition herein, an operating revenue of \$23,031.75 from the sale of water in 1913, with operating and maintenance expenses and depreciation of \$50,450.48 during the same period. During the calendar year of 1914, petitioner reports a gross revenue from the sale of water of \$23,940.33, and operating and maintenance ^{expenses} and depreciation during the same period of \$52,344.48.

Petitioner claims that its gross revenue from the sale of water in 1913 and 1914 ^{has} ~~have~~ not been sufficient even to pay the cost of operating and ~~maintaining~~ maintaining its system with no allowance for depreciation annuity.

4. Rates proposed by petitioner.

In petitioner's Exhibit No. A-42 herein, petitioner presents its conclusions, on a number of various bases, with reference to the gross revenue to which it is entitled annually from the sale of water. Petitioner's conclusions, on these various bases, are as follows:

Study No. 1,	\$147,613.00
Study No. 2,	135,456.00
Study No. 3,	100,894.00
Study No. 4,	101,428.00
Study No. 5,	96,431.00
Study No. 6,	93,231.00
Study No. 7,	87,791.00

In each of these studies petitioner claims an allowance for operation and maintenance of \$22,613.00 and for depreciation an allowance of \$17,783.00. The rental to be paid by petitioner herein to Fairview Land & Water Company is \$26,595.00 in Study No. 1, \$12,334.00 in Studies Nos. 2, 3 and 4, \$11,715.00 in Studies Nos. 5 and 6 and \$11,635.00 in Study No. 7.

In Study No. 1, petitioner claims an 8% return on the sum of \$1,007,778.00, being petitioner's estimate of the cost to reproduce its physical properties less accrued depreciation, and adding thereto an item of \$494,000.00 for water rights.

In Study No. 2, petitioner claims a return of 8% on the sum of \$1,159,080.00, being the moneys invested by petitioner's stockholders, with accrued interest at the rate of 8% from the investment in each instance.

In Study No. 3, petitioner claims a return of 8% on the sum of \$614,552.00, being the alleged original cost of the property without allowance for interest or losses.

In Study No. 4, petitioner claims a return of 8% on the sum of \$608,721.00, being the principal sum invested by the stockholders with accrued interest at 8% compounded since ^{March,} 1912.

In Study No. 5, petitioner claims a return of 8% on the sum of \$554,000.00, being the alleged investment as determined by

the reproduction cost method, with the elimination of any allowance for water rights except the riparian right of 40 miner's inches acquired from the Webster Ranch.

In Study No. 6, petitioner claims a return of 8% on the sum of \$514,000.00, being the alleged investment as determined by the reproduction cost method; with the elimination of value for water rights.

In Study No. 7, petitioner claims a return of 8% on the sum of \$447,000.00, being the principal amount paid by the stockholders.

In its brief herein, petitioner claims that it should be allowed rates which will return an annual gross revenue of \$89,597.44, as is shown in the following computation:

Interest on \$447,000.00 @ 8%	\$35,760.00
Operation and maintenance,	28,054.44
Rental of 17/20 of water of Fairview Land & Water Co.,	8,000.00
Depreciation annuity,	<u>17,783.00</u>
Total,	\$89,597.44

It will be observed that the revenue of \$89,597.44 thus claimed by petitioner is almost four times the entire gross revenue derived by it from the sale of water in 1913 and 1914; under rates which have been voluntarily established by petitioner and which, in so far as petitioner's principal service is concerned, have been in effect for more than 25 years.

This claim of petitioner for a relatively enormous increase in the rates which it has voluntarily established and which ~~have~~ ^{have} been in effect for many years, requires a most careful analysis by the Railroad Commission of the various elements which enter into the question of a just and reasonable rate.

5. Valuation.

The subject of valuation will be considered under the following heads:

- (a) Original cost.
- (b) Estimated reproduction cost new.
- (c) Estimated reproduction cost new less accrued depreciation.

(a) Original cost.

The auditors of petitioner and of the Railroad Commission agree that petitioner's books show an original cost to date of petitioner's property amounting to \$681,065.75. From this amount the Railroad Commission's auditors in Railroad Commission's Exhibit No. 9, subtract the sum of \$93,607.43 as being realized depreciation taken into expense accounts during the life of petitioner, leaving a present book value of fixed capital of \$587,458.32. Petitioner subtracts from said total of \$681,065.75 the sum of \$66,513.00, representing the investment in certain structures which have been replaced, leaving a net total investment in petitioner's property, as claimed by petitioner, of \$614,552.61.

The annual reports of Lake Hemet Water Company and Fairview Land & Water Company filed with the Railroad Commission show a combined present capital investment of \$626,111.00. This figure is presumably the result of the elimination of property which has gone out of existence.

The money invested in petitioner's property was secured in part from the sale of water rights and in part from the stockholders.

The testimony shows that with possible minor exceptions all water regularly sold by petitioner for irrigation (as distinguished from "extra water") was sold to persons who are owners of water right certificates issued by petitioner. Under the plan originally formulated by Mr. Whittier and his associates,

owning both Hemet Land Company and Hemet Land and Water Company, whenever a parcel of land was sold by Hemet Land Company, the purchaser of such land desiring water thereon was obliged to purchase a water right certificate from Hemet Land and Water Company. Later, when other lands were purchased by Mr. Whittier and his associates, in addition to the original Hemet Tract, a similar arrangement was made. The land company sold the land and the water company sold so-called "water certificates." These certificates entitled the holder to one miner's inch of water for eight acres of land.

Petitioner's Exhibit No. A-40 shows that in the years 1889 to 1915, inclusive, petitioner derived from the sale of water right certificates a total sum of \$438,938.60, as shown in Table No. I.

Table No. 1

Moneys Received By Lake Hemet Water Company From
Sale of Water Certificates
1889 to 1915, inclusive

1889	506	Water Rights	at	\$75.00		\$37 950.00
1890	10	"	"	"	"	750.00
1891	48	"	"	"	"	3 600.00
1892					None	
1893	40	"	"	"	"	3 000.00
1894	15	"	"	"	"	1 125.00
1895					None	
1896	12	"	"	"	60.00	720.00
1897 to						
1899					None	
1900	457.46	"	"	"	75.00	34 309.50
1901	185	"	"	"	"	13 875.00
1902	69.55	"	"	"	"	
					5216.25	
					Less Error 3.75	5 212.50
1903	29.47	"	"	"	"	2 210.25
1904	(539.83	"	"	"	"	40 487.25)
1904	(2.50	"	"	"	72.00	180.00)
1905	336.12	"	"	"	75.00	
1905	20	"	"	"	85.00	25 909.00
					25209.00	
					1700.00	
1906	364.50	"	"	"	75.00	27337.50
1906	20	"	"	"	85.00	1700.00
						29 037.50
1907	935.75	"	"	"	75.00	70161.25
	43.71	"	"	"	85.00	3715.35
	10	"	"	"	50.00	500.00
						74 396.60
1908	285.52	"	"	"	75.00	21264.00
	128	"	"	"	100.00	12800.00
	57.79	"	"	"	125.00	7223.75
	20	"	"	"	50.00	1000
						42 287.75
1909	17.50	"	"	"	75.00	1312.50
	5	"	"	"	100.00	500.00
	282.62	"	"	"	125.00	35327.50
						37 140.00
1910	150	"	"	"	50.00	7500.00
	158.99	"	"	"	125.00	19873.75
	70	"	"	"	150.00	10500.00
						37 873.75
1911	12.80	"	"	"	125.00	1600.00
	131.28	"	"	"	150.00	19692.00
						21 292.00
1912	10	"	"	"	150.00	1500.00
	35.97	"	"	"	250.00	8992.50
						10 492.50
1913	13	"	"	"	250.00	3 250.00
1914	18.17	"	"	"	250.00	4 542.50
1915	33.19	"	"	"	250.00	8 297.50
	5072.72					\$438 938.60

It will be observed that the prices paid to petitioner for water rights have varied from \$50.00 to \$250.00 per miner's inch, the larger number of water rights, however, being sold for \$75.00.

Table No. II shows the number of water rights sold by petitioner at various prices:

Table No. II.

Number of Water Rights Sold at Various Prices
By Lake Hemet Water Company.

180 water rights	at	\$50.00	\$9000.00
12 " "	"	60.00	720.00
2½ " "	"	72.00	180.00
3837.70"	"	75.00	287827.50
83.71"	"	85.00	7115.35
133.12"	"	100.00	13300.00
512.20"	"	125.00	64025.00
211.28"	"	150.00	31692.000
100.33"	"	250.00	25082.50
			<u>\$438942.35</u>
Less error 1902			3.75
			<u>\$438938.60</u>

It will be observed that the amount derived by petitioner from the sale of water rights is approximately two-thirds of the entire investment claimed by petitioner in its water system.

Petitioner urges herein that, from the beginning of its operations, it has been a public utility. Under the decision of the Supreme Court of this State in Byington vs. Sacramento Valley West Side Canal Company, 170 Cal. 124 decided on April 29, 1915, a public utility water company has no right to make any charge for water sold by it in excess of its established rates for water. Under this decision, a public

utility water company cannot lawfully compel its consumers to pay for all or a part of its water system by compelling them to buy so-called "Water rights" as a condition precedent to receiving service. It is the duty of a public utility water company to supply water at its established rates to all persons within the area to the service of which its water is dedicated, without the right of compelling such intending consumers to purchase so-called water right certificates.

The testimony further shows that petitioner, during the period from February 1, 1887, to May 1, 1908, secured the sum of \$447,429.50 from payments for its capital stock and assessments thereon. A portion of this money seems to have been expended to make up operating losses.

(b) Estimated reproduction cost new.

Estimates of the cost to reproduce new the physical property of Lake Hemet Water Company and Fairview Land & Water Company were presented by petitioner herein, the consumers and the Railroad Commission.

Table No. III shows the estimates of the cost to reproduce new the physical property of Lake Hemet Water Company and Fairview Land & Water Company, as presented by the engineers of petitioner, the consumers and the Railroad Commission.

Table No. III

Estimated Cost to Reproduce New Physical Property
of Lake Hemet Water Company and Fairview Land &
Water Company, as Presented by Engineers of
the Water Company, the Consumers, and the
Railroad Commission

ESTIMATED REPRODUCTION COST NEW

	<u>Water Company's Engineers</u>	<u>Consumers' Engineer</u>	<u>Railroad Commission's Engineers</u>
<u>LAKE HEMET WATER CO.</u>			
Collection	\$223 708	\$222 787	\$199 033
Transmission	160 984	119 122	139 754
Irrigation Distrib.	172 104	148 601	145 069
Domestic Distrib.	126 976	115 231	103 159
Materials & Supplies	30 849	23 416	10 547
Lands & R. of W.	<u>29 797</u>	<u>26 237</u>	<u>14 702</u>
Total	\$744 420	\$655 404	\$612 264
<u>FAIRVIEW LAND & WATER CO.</u>			
Collection	\$ 534	\$ 534	\$ 619
Transmission	34 948	31 583	23 508
Irrigation Distrib.	8 175	8 173	9 968
Domestic Distrib.	12 058	12 058	9 917
Lands & R. of W.	<u>10 084</u>		<u>1 199</u>
Total	\$ 65 799	\$ 52 350	\$ 45 121
COMBINED TOTAL	<u>\$810 219</u>	<u>\$707 754</u>	<u>\$657 385</u>

The difference in the estimates appearing in Table No. III result principally from differences in unit prices and in overhead percentages used by the various engineers. The engineers for petitioner used unit prices as of the time when their estimate was made. The engineers for the Railroad Commission contended that the prices of labor and material are abnormally high at the present time and used in their estimates average prices over a period of years.

The engineers for petitioner added to their estimate of the cost to reproduce new the physical properties of the two water companies the sum of \$494,000.00 for water rights, being 494 miner's inches at an assumed value of \$1000 per miner's inch. There is no testimony in support of the claim of \$1000 per miner's inch, other than a general allegation that this is the sum which is generally paid for water rights in and about Riverside. There is nothing to show whether this sum includes the cost of production and transmission systems. In petitioner's estimate herein, this sum is added to the entire cost of petitioner's physical properties. It becomes unimportant to give further consideration to this item, for the reason that petitioner itself, in petitioner's Exhibit No. A-43, frankly admits that if allowances are made herein for water right values, the resulting rates will be unreasonably and unjustly high. Accordingly, petitioner itself eliminates further discussion as to water right values.

While reporting that, in his opinion, the estimated cost to reproduce the physical properties of the two water companies new, is the sum of \$657,385.00, Mr. R. W. Hawley, the Railroad Commission's hydraulic engineer, further testified that petitioner's system is overbuilt and that in order to determine that portion of its system which may fairly be said to be used and useful in the service to the public, deductions should be made from petitioner's property as shown in Table No. IV:

Table No. IV.

Substitutions and Eliminations from Properties of
Lake Hemet Water Company as reported by
R. W. Hawley.

<u>Item</u>	<u>Estimated Reproduction Cost New</u>	<u>Estimated Cost of Substitution</u>	<u>Reduction in Estimated Cost new</u>
Main flume and Pipe Line	\$116,271.00	\$51,447.00	\$64,824.00
Hemet Dam (Overbuilt)			54,000.00
Meters and Services paid by con- sumers			9,379.00
Irrigation Distribution (Excess capacity)			<u>36,267.00</u>
			\$164,470.00

It is, of course, elemental that in establishing public utility rates a return should be allowed only on the property which is used and useful in the public service.

While petitioner in its evidence and in its brief attacks the conclusion of Mr. Hawley in this regard, we are satisfied, in general, that these conclusions are correct.

In view of the fact that petitioner itself admits that reasonable rates herein cannot fairly be based on a sum as high as the estimated cost to reproduce even the physical property, it will not be necessary to give to the subject of estimated reproduction cost new the further detailed consideration which it would otherwise receive at our hands.

(c) Estimated cost to reproduce new less
accrued depreciation.

Estimates of the cost to reproduce new the physical properties of Lake Hemet Water Company and Fairview Land & Water Company were presented by petitioner and by the consumers.

Table No. V shows the estimates thus presented.

Table No. V.

Estimated Cost to Reproduce New Less Accrued
Depreciation of Physical Properties of
Lake Hemet Water Company and Fairview
Land & Water Company as Presented by
Water Company and Consumers.

	<u>Estimated Cost to Reproduce New Less Accrued Depreciation</u>	
	<u>Water Co's Engineers</u>	<u>Consumers' Engineer</u>
<u>Lake Hemet Water Co.</u>		
Collection	\$172,305.00	\$174,095.00
Transmission	80,756.00	53,080.00
Irrigation Distrib.	124,661.00	97,013.00
Domestic Distrib.	75,408.00	58,845.00
Materials and Supplies	30,849.00	23,416.00
Lands and Rights of Way	<u>29,797.00</u>	<u>26,237.00</u>
Total	\$513,778.00	\$433,351.00
<u>Fairview Land & Water Co.</u>		
Collection	\$461.00	\$461.00
Transmission	17,262.00	13,414.00
Irrigation Distrib.	4,051.00	2,787.00
Domestic Distrib.	9,332.00	8,974.00
Lands and Rights of Way	<u>10,084.00</u>	<u>-----</u>
Total	\$41,191.00	\$26,648.00
Combined total,	\$554,969.00	\$459,999.00

The Railroad Commission's engineers did not present an estimate of the cost to reproduce new less accrued depreciation.

6. Depreciation Annuity.

Estimates of depreciation annuity were presented by petitioner and the Railroad Commission's engineers.

Petitioner's engineers estimated the depreciation on the straight line basis, and in doing so, assumed probable useful lives of the property agreeing approximately with the lives used by the Railroad Commission's engineers.

~~Successor of the Lake Hemet Water Company~~

The Railroad Commission's engineers computed the depreciation annuity on the five per cent sinking fund basis.

The engineer for the consumers did not compute a depreciation annuity.

Table No. VI shows the depreciation annuity as estimated by petitioner's engineers and the Railroad Commission's engineers.

Table No. VI.

Depreciation Annuity, as Estimated by Engineers of
Water Company and Railroad Commission.

<u>Annual Depreciation.</u>		
<u>Account.</u>	<u>Water Company's</u> <u>Engineers.</u>	<u>Railroad Commis-</u> <u>sion's Engineers.</u>
<u>Lake Hemet Water Company</u>		
Collection	\$2,565.00	\$ 178.00
Transmission	5,152.00	1,687.00
Irrigation Distribution	4,449.00	1,400.00
Domestic Distribution	5,616.00	2,146.00
Materials and Supplies	-----	-----
Lands and Rights of Way	-----	-----
Total,	\$17,783.00	\$5,411.00
<u>Fairview Land & Water Company</u>		
Collection	\$ 7.00	3.00
Transmission	1,096.00	374.00
Irrigation Distribution	395.00	250.00
Domestic Distribution	440.00	221.00
Lands and Rights of Way	-----	-----
Total,.	\$ 1,938.00	\$ 858.00
Combined Total,	\$19,721.00	\$6,269.00

If the eliminations and substitutions testified to by Mr. Hawley are adopted, the depreciation annuity reported by the Railroad Commission's engineers will be reduced from \$6,269.00 to \$4,665.00.

7. Operating and Maintenance Expenses.

Estimates of reasonable allowances for operating and maintenance expenses were presented herein by the engineers of petitioner, the consumers and the Railroad Commission. Table No. VII shows these estimates.

Table No. VII.

Operating and Maintenance Expenses--Estimates of
Engineers of Water Company, Consumers and
Railroad Commission.

	<u>Maintenance</u>	<u>Patrol and Operation</u>	<u>General Expense</u>	<u>Totals.</u>
Water Company's Engineers,	\$10,981.00	\$16,440.00	\$13,992.00	\$31,413.00
Consumers' Engineer,	6,761.00	*-----	12,250.00	19,011.00
Railroad Commission's Engineers,	4,500.00	4,825.00	13,100.00	22,425.00

*Included in maintenance.

The annual reports of Lake Hemet Water Company and Fairview Land & Water Company are considered as being in evidence herein. There is also in evidence the Railroad Commission's Exhibit No. 9, a detailed investigation by the Railroad Commission's auditing department into petitioner's operating accounts.

It will be observed that there is a material difference between the estimates of the various engineers as to the amounts which would be reasonable to be allowed as operating

and maintenance expenses.

The Railroad Commission's engineers testified in detail with reference to the reasons for deducting from the operating accounts of the two water companies certain amounts which should properly be chargeable to capital account and others which should be chargeable to depreciation. The Railroad Commission's engineers presented an independent estimate of the cost of maintenance and operation based ~~on~~ largely on operating and maintaining the systems of many other water companies in the State of California, as shown on Railroad Commission's Exhibits Nos. 4 and 5. Railroad Commission's Exhibit No. 4 shows the operating and maintenance expenses of 26 public utility water companies, as shown by their annual reports on file with the Railroad Commission. Railroad Commission's Exhibit No. 5 shows the operating and maintenance expenses of 16 public utility water companies as shown in testimony heretofore presented to the Railroad Commission. Of these 42 public utility water companies there are only six whose cost per acre for operating and maintenance expenses is higher than that estimated for Lake Hemet Water Company and Fairview Land & Water Company by the Railroad Commission's engineers.

Mr. H. Clay Kellogg, testifying for the consumers herein, supported his estimate by the records of Santa Ana Valley Irrigation Company and Anaheim Union Water Company, with each of which companies he has been intimately connected for a number of years. Mr. Kellogg testified that the operating and maintenance expenses of these two companies should be greater rather than less than the expenses of Lake Hemet Water Company and Fairview Land & Water Company. The testimony in ^{detail} ~~XXXXX~~ supports the contention of this witness.

Mr. Fulton Lane, testifying for petitioner, stated that he had based his estimate of reasonable operating and maintenance

expenses largely upon the actual expenditures reported to have been incurred by Lake Hemet Water Company and Fairview Land & Water Company. He admitted, however, that the expenses thus reported included items which should be properly chargeable to capital account. For instance, ⁱⁿ Mr. Lane's appraisal, road boxes are included at a cost of \$7.17 ^{each} ~~each~~, while the repair allowances for these boxes, as shown in the operating and ^{maintenance estimate} ~~maintenance estimate~~ of petitioner, is approximately \$12.00 each annually, although their useful life is assumed to be 20 years. In a number of other instances, Mr. Lane's report is based upon replacement cost rather than strict maintenance and as such is ~~incorrect~~ properly provided for in the allowance for depreciation annuity. Furthermore, petitioner's Exhibit No. A-54, setting forth monthly salaries of officers and employees, ~~was~~ shown to be applicable only during the summer months. Nevertheless, this exhibit was used as a basis for salaries during the entire year.

Petitioner, in its opening brief, protests against the combination by Mr. Hawley of the water systems of Lake Hemet Water Company and Fairview Land & Water Company in making his estimate of operating and maintenance expenses. It will be sufficient in this connection to draw attention to the fact that the engineers of petitioner and of the consumers also prepared their estimate in the same manner. We are of the opinion that all the engineers were justified in treating the problem in this manner.

We are satisfied that the amount reported by Mr. Hawley for reasonable operating and maintenance expenses is approximately correct.

8. Rates Herein Established.

We come now to the establishment of just and reasonable rates.

This matter is one of particular difficulty herein.

Petitioner itself frankly admits that the rates can not reasonably be established on the basis of the estimated construction cost new even of the physical property. Petitioner admits that no allowance should be made over and above the fair value of the physical property, either for water rights or past losses or any other intangible item. If such allowance were made, the resulting rates would, as stated by petitioner, be unreasonably high.

Thus, referring to the result of its Study No. 1, in which an interest rate of 8 per cent on the principal of \$1,007,778.00 is assumed, and in which the total annual revenue necessary to be collected by petitioner is assumed to be \$147,613.00, petitioner points out in its Exhibit No. A-43, that the resulting rates would be \$24.00 to \$25.00 per annum for irrigation water and concludes that this rate "immediately bars this study from further consideration and eliminates also any discussion as to water right values."

Referring to its Study No. 2, which study assumes a return of 8 per cent on the principal sum of \$1,159,080.00 and a total annual gross revenue of \$135,456.00, petitioner, in its Exhibit No. A-43, points out that the resulting rate would be from \$22.00 to \$24.00 annually for each acre irrigated. Petitioner points out that this rate is based upon an assumed return of 8 per cent on all the moneys invested by petitioner's stockholders and frankly states in its Exhibit No. A-43 that rates based on such a study would place a premium on losses and that, consequently, the results of this study cannot be applied herein.

Petitioner places greater emphasis on its Studies Nos. 5, 6 and 7, which studies would result in a rate for irrigation of between \$12.60 and \$13.80 per acre per annum. Even these rates, which are the lowest suggested by petitioner, we find to

be considerably in excess of reasonable rates to be charged by petitioner.

Petitioner's ~~convex~~ refusal to claim rates high enough to yield a return on the estimated reproduction cost new of its property or any return on so-called intangible items over and above the value of physical property is based on a frank recognition of the well established rule in public utility regulation that while rates must be reasonable to the utility they must, in any event, be reasonable to the public. The cases/establish clearly the principle that the rates charged by a public utility must in no event be higher than the service is reasonably worth to the consumer.

In Covington and L. Turnpike Road Co. vs. Sanford, 164 U. S. 578, the Supreme Court of the United States, in a case involving the reasonableness of maximum rates to be charged by the Covington and Lexington Turnpike Road, as established by the General Assembly of Kentucky, at page 596, said:

"The public cannot properly be subject to unreasonable rates in order simply that stockholders may earn dividends."

Again, on the same page, the court said:

"If a corporation cannot maintain such a highway and earn dividends for stockholders, it is a misfortune for it and them which the constitution does not require to be remedied by imposing unjust burdens upon the public."

In Smythe vs. Ames, 169 U. S. 464, at page 547, the court said:

"What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience. On the other hand, what the public is entitled to demand is that no more be exacted from it for the use of a public highway than the services rendered by it are reasonably worth."

To the same effect see San Diego Land and Town Co. vs. Jasper, 189 U.S. 439, 446; Willcox vs. Consolidated Gas Co., 212 U.S. 19, 52; Minnesota Rate Case, 230 U.S. 352, 435, 454.

The rates established may not be unjust from the point

of view of the consumer. When it has been determined that rates beyond a certain amount would be unfair to the consumer, the value of the property for rate making cannot be greater than the value which, at rates of interest sufficient to bring capital into the business, will yield the revenue resulting from the rates established. This value may be very far indeed from the estimated cost of reproducing the property new.

Sacramento Valley Realty Company vs. Sacramento Valley West Side Canal Company, (Vol. 7, Opinions and Orders of the Railroad Commission of California, p. 113).

It is obvious, not merely from the petitioner's position herein, but from the face of the entire record that this is the limiting principle which must be applied in establishing just and reasonable rates in the present proceeding.

The record herein contains a reference to the rates which are being charged for water by public utility water companies in various sections of California under conditions as comparable as possible with the conditions under which petitioner operates its system. Based on this comparison, as well as on the entire record herein, and the equities of the case, in so far as we have the right to consider such equities of the case, the rates proposed by petitioner herein are considerably too high. On the other hand, the rates now in effect are not sufficient to yield to petitioner the revenue to which it is fairly entitled.

After a careful consideration of all the evidence herein, we have reached the conclusion that the following rates will be just and reasonable rates to be charged and collected by petitioner herein:

DOMESTIC RATES - MONTHLY

Minimum Charges:

1/2 and 3/4 inch services,.....	\$1.00
1 inch services,.....	1.25
1 1/2 inch services,.....	1.75
2 inch services,.....	2.25
3 inch services and larger,.....	3.00

For All Water Used:

To 500 cubic feet,.....@ 20¢ per 100 cu.ft.,	
500 to 1000 cubic feet,...." 15¢ " " "	
1000 to 5000 cubic feet,..." 10¢ " " "	
All over 5000 cubic feet,..." 5¢ " " "	

IRRIGATION RATES

Minimum annually for 1/50 second ft. (miner's inch)
or part thereof in same proportion,.....\$24.00

For each 1/50 second ft. day, all uses,..... .20

PUBLIC USE

Street and road sprinkling and sewer flushing at
general rates, separate minimum charges for separate
facilities only.

Fire hydrant rental,.....\$1.00 per hydrant per month.

The domestic rates herein established shall apply
to all uses of water for domestic purposes, including domestic
water which has heretofore been included in the established
rates per acre for irrigation purposes.

Table No. VIII shows the income to be derived from
the rates herein established according to the best information
available to us.

Table VIII

ESTIMATED INCOME FROM RATES HEREIN ESTABLISHED.

IRRIGATION

146,800 miner's inch days @ 20¢,	\$29,360.00
Hemet Town Water Company, wholesale 4,000,000 cu.ft. @ 5¢ per 100 cu.ft.	2,000.00

Table VIII - (Cont'd)

Brought forward\$31,360.00

DOMESTIC

Minimum 500 cu.ft. 5386 consumer months @ \$1.00,	5,386.00
500 to 1000 cu.ft. 11,846 units @ 15¢,	1,777.00
1000 to 5000 cu.ft. 19,155 units @ 10¢,	1,915.00
Use over 5000 cu.ft. 53,677 units @ 5¢,	2,684.00

FIRE HYDRANTS

120 hydrant months @ \$1.00,	<u>120.00</u>
Grand total.....	\$43,242.00

O R D E R

LAKE HEMET WATER COMPANY having filed its petition asking the Railroad Commission to establish just and reasonable rates to be charged by said company, public hearings having been held, briefs having been filed and this proceeding being now ready for decision,

THE RAILROAD COMMISSION HEREBY FINDS AS A FACT that the present rates charged by Lake Hemet Water Company 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.

Basing its order on the foregoing findings of fact and on the further findings of fact which appear in the opinion which precedes this order,

IT IS HEREBY ORDERED that Lake Hemet Water Company be and the same is hereby authorized to charge and collect the following rates for water sold by it:

DOMESTIC RATES - MONTHLY

Minimum Charges:

1/2 and 3/4 inch services,.....	\$1.00
1 inch services,.....	1.25
1 1/2 inch services,.....	1.75
2 inch services,.....	2.25
3 inch services and larger,.....	3.00

For All Water Used:

To 500 cubic feet,	@ 20¢ per 100 cu.ft.,
500 to 1000 cubic feet,.....	" 15¢ " " " "
1000 to 5000 cubic feet,....	" 10¢ " " " "
All over 5000 cubic feet,....	" 5¢ " " " "

IRRIGATION RATES

Minimum annually for 1/50 second ft. (miner's inch)
or part thereof in same proportion,.....\$24.00

For each 1/50 second ft. day, all uses,..... .20

PUBLIC USE

Street and road sprinkling and sewer flushing at
general rates, separate minimum charges for separate
facilities only.

Fire hydrant rental, \$1.00 per hydrant per month.

IT IS FURTHER ORDERED that Lake Hemet Water Company
shall file with the Railroad Commission within 20 days from the
date of this order a schedule of rates as herein set forth and
that the rates herein established shall be effective on and after
November 1, 1916.

Dated at San Francisco, California, this 21st
day of October, 1916.

Max Thelen
H. D. Woodland
Alexander
Edwin O. Edgerton
Frank R. Tolson
Commissioners