

Decision No. _____

ORIGINAL

Decision No. 4520

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application
of PUENTE CITY WATER COMPANY, a
corporation, for order authorizing an
increase in rates.

} Application No. 2889.

Thomas C. Ridgway for applicant.

BY THE COMMISSION:

O P I N I O N

Puente City Water Company applies for authority to increase its rates for domestic and irrigation water served in and about Puente, Los Angeles County.

A public hearing in the matter was conducted by Examiner Westover. Applicant's present monthly minimum rate is \$1.25 for 600 cubic feet of water or less, 10¢ per hundred for the next 2000 cubic feet and 7¢ per hundred for all water in excess of 2600 cubic feet. It wishes to increase this rate to \$1.50 for 600 cubic feet or less and 15¢ per hundred for all water in excess of that amount; and to establish a monthly flat rate of \$1.50 for each connection.

Applicant was incorporated in 1910 with an authorized capital stock of \$20,000 divided into 400 shares of the par value of \$50 each, of which \$11,700 par value is now outstanding. It sunk wells and constructed its pumping plant and system in 1910 and began serving water about September of that year. It now serves about 104 domestic consumers and about 101 acres of irrigated lands.

It reports that its plant and system cost new \$19,399.96; that its gross revenue in 1916 was \$2734.69; operating expenses \$2246.03, and its net operating revenue \$488.66. Applicant has outstanding notes of \$7400 bearing 7% interest, the proceeds of which were used for capital purposes. Its operating expenses for the year ended June 30, 1917, not allowing for annual depreciation, and estimating the power bill for two months of 1917 as the same as for corresponding months of 1916, were shown to be as follows:

Salary of Supt. at \$75.....	\$900.00
Automobile Allowance at \$25.....	300.00
Power bill (estimated).....	577.20
Extra labor.....	95.15
Collections and promotion of business	56.23
Taxes.....	200.95
Total.....	<u>\$2129.53</u>

No appraisal nor detailed examination of applicant's property has been made by the Commission's engineers because it appears that the business has not reached such a state of development that a reasonable rate would produce an adequate return. Without strict regard, therefore, to the adequacy of return, we shall fix a rate which we consider reasonable under all of the circumstances, leaving applicant to increase the amount of the net return by effecting such economies in operation and development of its business as it is able to do until it has grown to such proportions that it will produce an adequate return at the rates fixed.

Analysis of the monthly metered consumption of water served through about 60 meters, made by Mr. H. F. Clark, one of the Commission's assistant hydraulic engineers, indicates that at the rates authorized, domestic metered sales will probably approximate \$1300, domestic sales at flat rates about

\$900 and irrigation sales, if approximately the same as during the year 1916, about \$1000. About half of the metered consumers use less than the amount of water allowed for the \$1.25 minimum monthly bill.

Irrigation water is delivered in two zones in quantities estimated at 70 inches in the lower zone and 60 inches in the upper zone. The variable pumping lift causes the power bill to range from 30¢ per hour to 80¢ per hour, according to the zone being supplied. The rates for irrigation water fixed in the order are those applied for, being those originally established by the applicant and in use by it since it began business.

O R D E R

PUEENTE CITY WATER COMPANY having applied to the Railroad Commission for authority to increase rates charged for domestic water service in and about Puente, Los Angeles County, and to establish rates for water served for irrigation purposes in the same vicinity, and a public hearing having been held upon said application,

IT IS HEREBY FOUND AS A FACT that the rates heretofore charged by said Puente City Water Company for water served for domestic purposes are non-compensatory and unreasonable and that the rates hereinafter set forth are just and reasonable rates for such service, and basing its conclusions upon the foregoing findings of fact and upon the facts contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Puente City Water Company be and it is hereby authorized to establish and file with the Railroad Commission within thirty (30) days the fol-

lowing schedule of rates to be charged by it for water served to the inhabitants of Puente, Los Angeles County, and vicinity:

For domestic service, monthly rates.

First 600 cu. ft. or less.....	\$1.25
Next 2000 cu. ft. per 100 cu. ft.....	.15
All over 2600 cu. ft. per 100 cu. ft.....	.10
Flat rates per connection per month.....	1.50
Meters to be installed at the option of the company or any patron, at the option of the company.	

For irrigation service.

Water served through high line per hour for the capacity of the pump.....	\$1.50
Water served through lower line per hour for capacity of the pump.....	.75

Dated at San Francisco, California, this 7th
day of August, 1917.

Max Thelen

Alfred Gordon
Edwin G. Edgerton

Commissioners.