

ORIGINAL

Decision No. 5467

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application	)	
of the La Rica Water Company, a	{	Application No. 3486
corporation, for general relief.	)	

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Chas. L. Chandler for Applicant,  
Louis J. Euler for Protestant, E.J.Meade.

LOVELAND, Commissioner.

O P I N I O N

The La Rica Water Company, hereinafter referred to as Applicant, petitions to be permitted to discontinue its public utility service of water for irrigation and domestic uses, or if required to continue, for the establishment of just and reasonable rates.

Public hearing was held in Los Angeles, February 16th, 1918.

The status of this Company as a public utility, its history and description of its system was set out in Decision No. 3084, Alex. Cummings, et al, vs. La Rica Water Company, Case 829, Volume 9, Opinions and Orders, California Railroad Commission, page 152. In that proceedings, decided February 7th, 1916, Applicant herein was held to be a public utility and since that time has operated as such.

A number of the consumers including among them some of the stockholders of the Company contested in this proceeding the application to discontinue serving as a public utility. The service

now rendered by the Company has been and is of public concern as the Company is delivering water for compensation to the public or a portion thereof. It is not within the power of the Company alone to change this use to a private one, "Francioni vs. Soledad Land and Water Company, 170 Cal., 221".

The rates charged the consumers during the period 1912 to 1915 were \$1.50 per hour's operation of the pump to contract holders and 80¢ per hour to stockholders. In the year 1916 all users were charged at the rate of 80¢ per hour's operation of the pump. The Board of Directors of the Company decided that this rate did not produce an adequate income and passed a resolution establishing a rate of \$1.25 per hour for the year 1917. The authority of this Commission was not obtained for this increase, which, consequently, is illegal. The Company is now attempting to collect from all its consumers at this rate for use during 1917, but as such rate never became the legal rate, collections should be made at 80¢ per hour's operation of the pump.

It now remains to establish fair and reasonable rates for the service rendered. The records of the Company show an original cost of this plant of \$2,814. Assistant Engineer H. F. Clark of the Commission's Hydraulic Division submitted, in Application No. 2878, "In the Matter of the Application of La Rica Water Company for an order authorizing increase of rates", which proceeding, it was stipulated, is a part of the record in this proceeding, an estimate of \$3,406 to reproduce the plant.

The operating expenses, hours pump operated and gross revenue for 1916 and 1917 follow:

	<u>1916</u>	<u>1917</u>
Operating Expenses,	\$1,312	\$1,183
Operating Revenue,	\$ 708	\$1,046
Hours pump operated,	885	851
Rate per hour charged,	\$ .80	\$ 1.25

Protestants contend that the plant is not operated economically and that the cost of pumping is larger than that of a pumping plant

in good condition and operated efficiently. Mr. C. W. Coughran testified that the cost to him of operating a similar plant under comparable conditions was 55¢ per hour's operation when driven electrically and slightly less when driven by a gasoline engine.

Using the maintenance and operation expense for 1917 and assuming that the pump plant was operated 150 hours during the year for domestic service, or a total of 1000 hours for domestic and irrigation service, the total cost and the cost per hour of operation are as follows:

	<u>Total</u>	<u>Cost per hour</u>
Fuel and Power,	\$301.60	\$ 0.80
Labor Pumping,	149.07	.15
Repairs,	12.23	.01
Secretary's salary,	120.00	.12
Taxes,	71.32	.07
Miscellaneous,	<u>178.45</u>	<u>.18</u>
	\$1332.67	\$1.33

These sums do not include any allowance for depreciation or interest on investment. It does, however, include under the heading miscellaneous the amount expended in preparation for Railroad Commission hearings which are not recurrent and should be amortized over a period of years. The cost of fuel and power appears excessive and is larger than ordinarily occurs for motors of this size, but even if this charge is materially reduced the resultant rates will at least equal those asked for by the utility if allowance be made for depreciation and interest on investment.

Heretofore no charge has been made for water used for domestic purposes, although the Company has been supplying some eight consumers with water for this purpose. I shall recommend that a rate be established not only for irrigation use, but also for domestic use.

The rates established herein and those in effect in the past have been in the form of a charge per hour's operation of the pump.

It is obvious that a rate of this kind offers no inducement to keep the pumping plant in condition for efficient operation. The normal capacity of this plant approximates 175 to 200 miner's inches, (50 miner's inches = 1 cubic foot per second). I am of the opinion that in the establishment of rates a minimum rate of delivery of the pump should be fixed for the hourly rate established. I recommend that a minimum delivery at the rate of 160 miner's inches be fixed as the minimum for the rate established.

O R D E R

The La Rica Water Company have applied to the Railroad Commission for an order establishing just and reasonable rates for water served to its consumers and a public hearing having been held and the matter having been submitted and being now ready for decision.

IT IS HEREBY FOUND AS A FACT by the Railroad Commission of the State of California that the rates and charges of the La Rica Water Company insofar as they differ from the rates and charges herein established are unremunerative, unjust and unreasonable, and that the rates herein established are remunerative, just and reasonable.

IT IS HEREBY ORDERED that the La Rica Water Company on or before twenty days from the date of this order establish and file the following rates for water:

Irrigation Use, .....	\$1.25	per hour's operation of pump, delivering not less than 160 miner's inches (3-1/5 cubic feet per second).
Domestic Use, flat rate,....	1.25	per month per consumer.
Measured Rates, Minimum charge,.....	1.00	per month for 800 cubic feet or less, excess use 10¢ per 100 cubic feet.

Dated at San Francisco, California, this 5<sup>th</sup> day of June, 1918.

H. D. Loveland

Edwin O. Egerton

Franz R. Werlein

Commissioners