

ORIGINAL

Decision No. 5773

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application
of OCEAN PARK HEIGHTS LAND AND
WATER COMPANY for permission to
raise the rates for water fur-
nished consumers.

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)
) Application No. 3990.
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Walter A. Burke for applicant.
John L. Flemming for protestants.

BY THE COMMISSION:

O P I N I O N

This is an application of the Ocean Park Heights Land and Water Company for authority to increase its rates for water served in and about Ocean Park Heights, Los Angeles County.

A public hearing upon the application was held by Examiner Westover in Los Angeles.

The company alleges in effect that its rate schedule has not produced a fair and reasonable revenue for the service rendered and prays that remunerative rates be established.

The present rates were established by the Commission in Decision No. 2065 of January 13, 1915, reported in Vol. 6, Opinions and Orders of the Railroad Commission of California, p. 44, and are as follows:

Minimum payment for 500 cu. ft.	\$1.25
Next 1500 cu. ft. per 100 cu. ft.	.20
Over 2000 cu. ft. per 100 cu. ft.	.15

In that decision the Commission held that the water system was acquired through the purchase of real estate without separate payment for the water utility property, but there had been an expenditure of \$3256 for new installations, upon which a return was allowed. Since that time there has been added \$454 to the plant in services and meters, making the total expenditure \$3710, which is a reasonable amount on which to base depreciation and rates to be paid by present consumers.

Applicant's operations in recent years, shown by its annual reports and its records, are shown in the following table:

Ocean Park Heights Land and Water Company.

Operating Revenue and Expenses.

	<u>1915</u>	<u>1916</u>	<u>1917</u>	<u>1918*</u>
Electric power	\$362.60	\$403.80	\$421.80	\$465.00
Supt. and labor	720.00	710.00	600.00	660.00
Office employees	300.00	300.00	300.00	300.00
Supplies and repairs	133.55	169.28	230.93	414.00
Taxes	86.82	57.49	67.06	70.00
Insurance	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>
Operating expenses	1617.97	1655.57	1634.79	1924.00
Operating revenue	<u>1804.54</u>	<u>1720.24</u>	<u>2016.19</u>	<u>2010.00</u>
Net operating revenue	186.57	64.67	391.40	86.00

*Estimated on basis of first 9 months in 1918.

The Commission's engineers report after investigation that the maintenance and operation expense is reasonable. The average is \$1708 per year. They compute the annuity for depreciation at \$200.

The present revenue is sufficient to meet ordinary operating and maintenance charges and depreciation, but does not provide a return on investment for which we allow \$297. The rate established in the order is based on water use data submitted, and is estimated to produce the annual charges set forth above.

O R D E R

OCEAN PARK HEIGHTS LAND AND WATER COMPANY having applied for authority to increase rates, a public hearing having been held and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates herein established are just and reasonable rates, and that the rates heretofore charged by the Ocean Park Heights Land and Water Company are unjust and unreasonable insofar as they differ from the rates herein established.

Basing its order on the foregoing finding of fact and on the further findings of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that Ocean Park Heights Land and Water Company be and it is hereby authorized to file with the Railroad Commission within twenty days from the date of this order and thereafter charge and collect the following rates for water served in Ocean Park Heights and vicinity.

Monthly minimum for 400 cu. ft. or less \$1.00
Between 400 and 2000 cu. ft. 21¢ per 100 cu. ft.
Over 2000 cu. ft. 18¢ per 100 cu. ft.

Dated at San Francisco, California, this 31
day of December, 1918.

Edwin D. Edgerton
H. D. Rowland
Walter R. Kelly

Commissioners.