

Decision No. 6082

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application
of INGLEWOOD WATER COMPANY for
permission to change its rates
for water service.

)
)
) Application No. 4147.
)

Harry Lee Martin for applicant.

LOVELAND, Commissioner.

O P I N I O N.

This is an application by Inglewood Water Company, a public utility corporation engaged in the business of selling water for domestic and irrigation uses in the City of Inglewood and adjacent territory, for authority to increase its rates.

The application alleges, in effect, that the rates now charged were established by this Commission at a time when the cost of maintaining and operating the system was much less than at present; that the increased cost of materials and labor necessitates an increased revenue and asks that a rate be established to care for this increased cost and provide for interest on at least a portion of its investment.

A public hearing in this proceeding was held in Los Angeles on December 11, 1918.

The present rate schedule in effect was established by this Commission in its Decision No. 3157 in Application No. 1972, entitled "In the Matter of the Application of Inglewood Water Company for an order authorizing it to change rates, issue bonds

and purchase water system from Hyde Park Water Company and of the latter company to sell said system." (Vol. 9, Opinions and Orders of the Railroad Commission of the State of California, p. 371.) These rates are as follows:

Minimum per month for first 300' cu.ft. or less,.....\$0.75
 For excess 300 cu.ft. to 2000 cu.ft., per 100 cu.ft., 0.13
 For excess over 2000 cu.ft., per 100 cu.ft.,..... 0.08
 Fire hydrants, per year per outlet,..... 5.00

Reference is made to the above decision for a detailed description of the plant, methods of operation and appraisal of the system.

The Commission, in its Decision No. 3157, establishing rates, provided an income sufficient to meet operating expenses, depreciation and interest at 6% on \$150,000, par value of bonds which it permitted the utility to issue.

Applicant is not asking at this time that an income sufficient to pay interest on the cost of its plant be provided.

Inglewood is sparsely settled and is still in the development stage necessitating large expenditure per consumer in order to deliver water. This condition is such that if a rate schedule is established to provide a return on Applicant's investment, it would be so unduly high as to be unfair to the consumer.

Records of maintenance and operation expense have been carefully examined by the Commission's Hydraulic Engineers, who report that in their opinion the expenses incurred were necessary in the operation of the system and that the amount is a fair allowance to be included in the annual charges. A tabulation of these expenses follows:

	<u>1915</u>	<u>1916</u>	<u>1917</u>	<u>1918*</u>
Pumping Expense,	\$7,835.25	\$6,585.83	\$6,519.10	\$8,603.89
Distribution Expense,	1,742.36	1,625.32	1,840.62	2,702.12
Commercial Expense,	- - -	799.03	1,074.33	1,517.47
General Expense,	7,525.13	5,671.07	6,001.40	5,670.95
Taxes,	4,569.63	3,384.83	4,200.00	3,321.31
Total Expenditure,	\$21,672.37	\$18,066.08	\$19,635.45	\$21,826.74
Total Revenue,	29,411.92	34,156.37	\$34,650.21	- - - -

* - For 11 months

X

A large part of the increased cost of operation of 1918 over previous years is due to the increased cost of fuel oil and wages. It is very difficult to forecast probable future expense in view of the present unsettled conditions.

The number of consumers supplied by Applicant has increased very little during the past two years, and conditions are practically the same as existed at the time Decision No. 3157, supra, issued.

I am of the opinion that if an increase in income is provided equal to the increased costs of maintenance and operation, that it will be dealing liberally with the utility, in view of the conditions existing in the territory served.

I shall therefore recommend that Applicant's rates be increased to provide for this additional expense. The rate schedule set out in the order following will, it is estimated, produce at least the amount yielded by the rates established in Decision No. 3157 plus the increased cost of operation.

I submit the following form of order:

O R D E R.

Application having been made by INGLEWOOD WATER COMPANY for authority to increase its rates, a public hearing having been held and the matter having been submitted,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Inglewood Water Company, in so far as they differ from the rates herein established, are unjust and unreasonable and that the rates herein established are just and reasonable rates.

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

IT IS HEREBY ORDERED that Inglewood Water Company be and it is hereby authorized and directed to file with the Railroad Commission of the State of California the following schedule of rates to be charged for water delivered to its consumers:

RATE SCHEDULE.

Minimum charge for 300 cubic feet or less - -	.75
From 300 cu. ft. to 2000 cu.ft. per 100 cu.ft..	15
Over 2000 " " - - - - -	.09

Fire Service:

\$25.00 per month with hydrants as in place
on January 1, 1919.

Each additional hydrant - \$1.00 per month.

Public use for other than fire fighting
purposes at general rates.

The foregoing opinion and order are hereby approved
and ordered filed as the opinion and order of the Railroad
Commission of the State of California.

Dated at San Francisco, California, this 27th day
of January, 1919.

Edwin O. Edgerton
H. J. ...
Frank R. ...
H. B. ...
James Martin