

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application :
of W. G. WADLEY and EMILY D. WADLEY, :
his wife, for authority to increase : Application No. 592.
rates for water service to patrons :
of Manchester Heights, Los Angeles :
County, California. :

R. C. Hartshorn, for applicants;
Coyne & Coyne, for Manchester Heights Business
Men's Association.

LOVELAND, Commissioner.

O P I N I O N.

Manchester Heights is a subdivision immediately adjoining the city of Los Angeles, consisting of 120 acres divided into 700 lots. The water works, consisting of a well about 375 feet deep, with water which rises to within 50 or 60 feet of the surface, and the necessary water mains, pipes, stands, connections, etc., were installed when the 120 acres were platted to facilitate the sale of the property. After the owners of the property had sold it all, or practically all, the testimony shows that they sold the water plant to present applicants for \$4,000.00 although the cost of installation was said to be in the neighborhood of \$9,000.00. The plant was installed about 1908 and 1909.

Present owner and applicant, W. G. Wadley, testified that he had at different times had occasion to dig down to the pipe and that he had found it in good condition and that he considers the plant to be in good, servicesble condition. No testimony was offered in any way reflecting upon the service. At the time the plant was installed the testimony showed that a flat rate of \$1.00 per month minimum was charged and that charge was continued by present owners, who are applicants herein, until they discovered that some of their patrons were wasting a great deal of water, whereupon they installed, at their own expense, about 10 meters making the charge

\$1.00 per month minimum for 1,000 cubic feet and 10 cents per 100 cubic feet for water in excess of the 1,000^{cubic} feet.

Complaint was received by the Commission from some of the consumers that applicants had advanced their rates and they were notified that rates could not be advanced without permission of the Commission, whereupon this application was filed in which they ask that the Commission establish a flat rate of \$1.00 per month per lot where no meter is installed, with a proportionate additional charge for additional lots or fractions of lots, and that where meters are installed the rate be fixed at \$1.00 for 800 cubic feet and 10 cents per 100 cubic feet in excess thereof: That applicants be permitted to install meters where they consider it necessary and to collect \$12.50 for each installation of a meter, the consumer to pay for such installation by paying 10 cents per 100 cubic feet for water used in excess of the minimum of 800 cubic feet until said installation of meter is paid for, and thereafter to be given 1,000 cubic feet per month for the minimum charge.

Applicant testified that his income from the sale of water was in the neighborhood of \$275.00 per month: That until quite recently he had a man employed at \$60.00 per month but that he had found it impossible to continue such employment and that he was now doing nearly all of the work himself and paying out about \$15.00 per month to have such work done as he could not do: That his bill for fuel had run as high as \$43.00 per month and that his breakage and repair bills were in the neighborhood of \$30.00 to \$33.00 per month: That his well is liable at any time to fill up with sand which would necessitate an expense of approximately \$1,000.00 to clean it out: That he does not desire and is not able to install meters for every consumer and that his only desire in putting in any meters is to stop waste: That he is perfectly satisfied with a flat rate of \$1.00 per lot per month with proportionate increase for additional lots or fractions of lots.

but that he would not expect any payment in excess of \$1.00 unless the consumer actually put water on something more than one lot. He testified that most of his consumers were careful and prudent in the use of water but that some of them were not and that he had several times found the hydrants left open and running all night, wasting the water and emptying the tank which furnished the gravity flow.

Mr. C. B. Gordon, president of the Manchester Heights Business Men's Association, testified that he had lived in Manchester Heights for about five years; that his lot was 60 feet front; that when he bought the lot from the predecessors of applicants he had a verbal understanding that he was to receive water for his lot at the flat rate of \$1.00 per month. A majority of the lots in Manchester Heights are 40 to 45 feet frontage and it is for this size lots that applicants desire to furnish water at a flat rate of \$1.00 per month. Mr. Gordon's lot being 60 feet frontage, their application would comprehend the raising of his rate, to which he objects on the ground that he had an understanding as to the rate when he bought the lot. Mr. Gordon corroborated the testimony of applicant, Mr. Wadley, that he had known of instances where the water was wasted.

Applicants specifically ask that the Railroad Commission rule as follows:-

(1) That the flat rate of \$1.00 per month minimum apply to one lot only.

(2) That each additional half lot or over be assessed at the same rate.

(3) That each house occupied on each lot have its own tap connection, even though owned by members of the same family.

(4) That where meters have to be installed to prevent unnecessary waste or excessive use of water, that a minimum charge of \$1.00 be made.

(5) That 800 cubic feet of water be the quantity given

for \$1.00 until the excess amount of water used over that amount shall have paid \$12.00 for the meter; thereafter the amount of water to be 1,000 cubic feet for the minimum of \$1.00.

(6) That the time for irrigating be made between the hours of 5 and 9 o'clock A.M. and 4 and 9 o'clock P.M.

(7) That 10 cents per 100 cubic feet be charged for excess over the minimum.

(8) That these regulations be applied to the 10 meters installed since August, 1912.

The testimony of Mr. Gordon was to the effect that he believed applicants had in the neighborhood of 200 consumers, which, if correct, would make their income somewhat higher than that testified to by applicant.

Several other residents of Manchester Heights and consumers of water from this system were present, their testimony corroborating that of Mr. Gordon.

As before stated, no complaints were made as to the service or as to the \$1.00 per month flat rate, practically the only difference of opinion being as to whether the \$1.00 rate meant for one lot or for something additional for excess of one lot.

If the rates were being complained of, it would clearly be the duty of the Commission to have the fair value of the plant ascertained and to establish rates thereon. As the rates were not complained of, other than the difference of opinion as to the size of the lot, in an effort to conserve the time of the Commission it was sought to have the parties stipulate as to the value of the plant upon which applicants would be entitled to a fair return, and it finally was stipulated that applicants should procure from their predecessors and file with the Commission a verified statement as to the cost of installing the plant and that 5% depreciation on machinery per year and 3% depreciation on the pipe per year should be allowed.

However, it is clearly evident, even if Mr. Gordon's estimate of the income of the plant is correct, that a flat rate of \$1.00 per month would leave but a small income to applicants after paying the upkeep and expenses of operation; and, after giving the matter careful thought and consideration, I do not consider it necessary to delay deciding the application until the receipt of the statement as to cost of installation. I believe that our decision will be satisfactory to all concerned, particularly so in view of the evident desire manifested at the hearing by everybody to be fair.

I find as follows:-

That applicants' request that the flat rate of \$1.00 per month apply to one lot only is a reasonable one when such lot is occupied by but one family, and that the size of the lot shall be determined by the plat of the property as recorded, provided 60 feet shall be the maximum width for one lot. This may result in some small discrimination but as some method of determining the size of the lot must be taken I regard this as the most reasonable one.

That each additional half lot or over shall pay an additional sum as follows:-

If a consumer is paying \$1.00 per lot and if he owns an adjoining lot he shall pay \$1.50 for the two. If he owns a lot and one-half, he shall pay \$1.25, provided, however, that he uses water on the additional land.

That where there is more than one house on a lot, the price shall be as follows:-

For one occupied house on a lot, \$1.00;

For two occupied houses on a lot, \$1.50, each house to pay 75 cents.

If there are three or more occupied houses on a lot, the price shall be \$2.00 per lot divided equally among the occupants thereon.

That where meters have been or have to be installed, the minimum charge shall be \$1.00 per month per 1,000 cubic feet, the cost of such installation of meters to be borne by the owner of the water company.

That the necessity for the installation of meters shall be determined by the owners of the water plant in the following manner:-

If the owners believe a consumer is wasteful they may install a meter at their own expense, and must install meters at the expense of consumers when requested, such expense to be refunded to the consumers by allowing them a rebate of 10 cents per 100 cubic feet on all excess over 1,000 cubic feet per month.

That the request that a certain time be specified when water may be used for irrigation is a reasonable one and that the hours when water may be so used shall be from 5 until 10 o'clock A.M. and from 4 until 9 o'clock P.M.

That 10 cents per 100 cubic feet is a reasonable charge for excess over the minimum of 1,000 cubic feet; that the regulations as to meters herein found to be reasonable shall apply to the meters already installed.

In addition to the above, there remain two points to be considered. First, the point advanced by Mr. Coyne, counsel for Manchester Heights Business Men's Association, that the price paid by applicants for the property is the price upon which they should have fair returns. Second, the point made by Mr. Gordon that he had a contract with the predecessors of applicant that he was to receive water for \$1.00 per month flat rate. The Commission cannot agree that either of these points are well taken. In the fixing of reasonable rates to be paid by consumers, the Commission is concerned only with the fair value of the property used and useful to the public. As to the point made by Mr. Gordon, the Commission has heretofore decided (See Application No. 118 and Case No. 303) that it is not bound by contracts of this kind entered into prior

to the effective date of the Public Utilities Act. In holding that the expense of installing meters should be borne by the owners of public utilities, we are reaffirming our decision in Application No. 5. As to who shall judge of the necessity of installing meters, we believe that each particular case or application will have to be decided upon its own merits for the reason that, while we believe that often a measured service is by far the most desirable by reason of preventing waste and discrimination, we recognize that there are cases where the owners of public utilities are not financially able to install meters for all consumers and in such cases we believe that the owners of utilities should be permitted to pass upon the necessity for the installation of meters.

I recommend the following Order:-

O R D E R.

W. G. Wadley and Emily D. Wadley, his wife, having applied to this Commission for authority to increase rates for water service to patrons of a water company owned and operated by them, located at Manchester Heights, Los Angeles County, California, and the application having been regularly heard and the testimony given at the hearing carefully considered and analyzed, the Commission holds:-

That applicants' request that the flat rate of \$1.00 per month for water apply to one lot only is a reasonable one, provided the lot is occupied by but one family and provided, further, that the size of the lot shall be determined by the plat of the property as recorded, sixty feet to be the maximum width for one lot.

That additions to or in excess of one lot shall pay an additional sum as follows:-

If a consumer is paying \$1.00 per lot and if he owns an adjoining lot he shall pay \$1.50 for the two. If he owns a lot and

one-half he shall pay \$1.25 and in such ratio for anything he may own in addition to one lot, provided the additional property joins the original lot, and provided, further, that he uses water on the additional land.

That where there is more than one house on a lot the price shall be as follows:-

For one occupied house on lot, \$1.00;

For two occupied houses on lot, \$1.50, total, or 75 cents for each house.

If there are three or more occupied houses on a lot, the price shall be \$2.00 per lot divided equally among the occupants thereon.

That where meters have been or have to be installed, the minimum charge shall be \$1.00 per month per 1,000 cubic feet, the cost of such installation of meters to be borne by the owners of the water company.

That the necessity for the installation of meters shall be determined by the owners of the water plant in the following manner, to wit: If the owners believe a consumer is wasteful they may install a meter at their own expense and must install meters at the expense of consumers when requested to do so, such expense to be refunded to consumers by allowing them a rebate of 10 cents per 100 cubic feet on all water used in excess of 1,000 cubic feet per month.

That the request that certain hours be specified when water may be used for irrigation is a reasonable one and that the hours when water may be so used shall be from 5 until 10 o'clock A.M. and from 4 until 9 o'clock P.M.

That 10 cents per 100 cubic feet is a reasonable charge for excess over the minimum of 1,000 ^{cubic} feet and that the regulation ^A as to meters herein found to be reasonable shall apply to the meters already installed.

IT IS, THEREFORE, HEREBY ORDERED: That the rules, regulations and rates herein last above set forth shall obtain and apply

to the service of water by W. G. Wadley and Emily D. Wadley, his wife, at Manchester Heights, Los Angeles County, California.

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 29th day of April, 1913.

John W. Eschleman
Attest
Edwin O. Edgerton

Commissioners.