

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

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In the Matter of the Application
of Ira A. Moomaw for authority to
increase rates for service of ir-
rigation water, and for the valida-
tion of a mortgage.

)
) Application No. 4323
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Ira A. Moomaw in propria persona.

MARTIN, Commissioner.

O P I N I O N

This is an application for authority to increase rates charged for water used for irrigation purposes and for the validation of a mortgage.

The application alleges in effect that applicant owns and operates a public utility irrigation system in the vicinity of Inglewood, Los Angeles County; that the cost of operation has so increased that the rate schedule in effect is not remunerative, and asks that a fair and remunerative rate schedule be established.

The rates now in effect are as follows:

For all crops except alfalfa,.....	\$2.00 per Hour's operation of pump during the day and \$1.80 per Hour's operation of pump at night.
For alfalfa,.....	\$1.80 per Hour's operation of pump during the day and \$1.60 per Hour's operation at night.

2% discount is made if the account is paid before the first of each month.

Applicant asks to be permitted to increase each of the above rates 20 cents per hour's operation of the pump.

The system is now supplying water for the irrigation of approximately 425 acres of land in the vicinity of Inglewood. Water is pumped from two wells by an electrically driven centrifugal pump into a concrete sand box from which it flows into a distribution system consisting of 14" and 16" pipes. The present owner of the system, who is the applicant herein, purchased it on January 1, 1917 for \$4,000, paying therefor by issuing a \$4,000 note secured by a mortgage in favor of Lottie E. Neher.

The evidence shows that the original cost of construction of this system approximated \$10,000, although no details of this expenditure are available. The Commission's engineers reported an estimated cost new of \$12,022 and a 6% sinking fund annuity of \$171. As has been stated, the cost of the plant to applicant was \$4,000. Subsequent to the purchase by applicant of this plant, \$214 was expended in extensions to pipe lines.

The records show the cost of Maintenance and Operation for 1918 to be as follows:

Electric Power.....	\$1,637.50
Miscellaneous Repairs and Materials.....	<u>188.27</u>
Total.....	\$1,825.77

The labor of operating the plant has been performed by applicant personally and no sum has been included in the above maintenance and operation expense for this labor. The power rate has been increased twenty per cent, which increase is not included in the amount set out above for power. The corrected maintenance and operation expense, including an allowance of \$50 per month for labor, is as follows:

Electric Power,.....	\$1,964
Miscellaneous Repairs and Materials,.....	188
Operating labor,.....	<u>600</u>
Total.....	\$2,752

If we assume that the fair value of the system is as estimated by the Commission's engineers, and include interest on this amount in the annual charges, we arrive at the following amounts:

Maintenance and Operation Expense,.....	\$2,752
Depreciation Annuity,.....	171
Interest on \$12,022 at 8%.....	<u>962</u>
Total.....	\$3,885

The pumping plant was operated 2,083 hours during 1918, from which operation a gross revenue of \$3,936.49 was received.

It is apparent that the rate schedule now in effect will produce at least a fair compensation to applicant for the service rendered by him, and I recommend that the application be denied in so far as it relates to rates.

Ira A. Moomaw reports that on January 1, 1917 he executed a mortgage covering his water plant, to Lottie E. Noher, to secure the payment of a \$4,000 seven per cent four year note. The note was issued in payment for the water plant referred to above. He has paid \$2,000 on the note, leaving a balance of \$2,000 due.

The mortgage was executed and the note issued without an order from the Railroad Commission. Under the provisions of the Public Utilities Act both are void. Obviously the Commission cannot approve either the note or the mortgage. The record clearly shows that the mortgage was executed and the note issued through inadvertence, and with no intent to violate the provisions of the Public Utilities Act. The order herein will authorize ap-

plicant to issue a new note, and execute a new mortgage, it being understood that the note now outstanding be cancelled and the mortgage released of record.

I herewith submit the following form of order:

O R D E R

IRA A. MOOMAW having applied to the Railroad Commission for an order authorizing an increase in water rates and validating a mortgage, and a public hearing having been held;

IT IS HEREBY ORDERED that Ira A. Moomaw be, and he is hereby granted authority to issue a two year 7 per cent promissory note for the principal sum of \$2000 to Lottie E. Neher, or order, for the purpose of refunding the \$2000 of indebtedness due and payable;

IT IS HEREBY FURTHER ORDERED that Ira A. Moomaw be, and he is hereby granted authority to execute for the purpose of securing the payment of said note, a mortgage, substantially in the same form as the mortgage filed with the Commission on March 7, 1919.

IT IS HEREBY FURTHER ORDERED that the application of Ira A. Moomaw to increase rates be, and the same is hereby denied.

The authority herein granted to issue the note and execute the mortgage is upon the following conditions and none other:

1. Upon the issue of the note and the execution of the mortgage herein authorized, the note now outstanding shall be cancelled and the mortgage securing the payment of said note released of record.

2. The approval herein given of said mortgage is for the purpose of this proceeding only and an approval in so far as this Commission has jurisdiction

under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

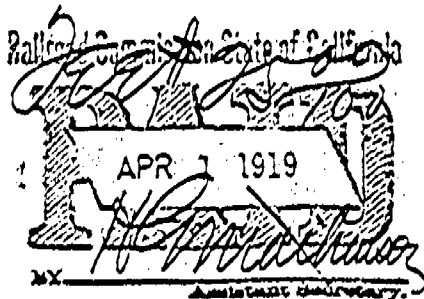
3. The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

4. Applicant shall, within sixty (60) days after the date hereof, file a report with the Commission showing to what extent and in what manner he has exercised the authority herein granted.

5. The authority herein granted shall apply only to such note as may be issued, and to such mortgage as may be executed, within sixty (60) days after the date hereof.

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 22nd day of March, 1919.



Edwin O. Edgerton
H. A. ...
Frank ...
H. O. ...
Dwight ...
Commissioners.