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Decision No. 6330.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of
OJAI POWER COMPANY for an order
authorizing it to increase rates for
water sold and delivered.

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Application No. 3950.
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Earl E. Moss for applicant
W. E. Shepherd for protestants.

BY THE COMMISSION.

O P I N I O N

The applicant herein, engaged in the business of selling water for domestic and irrigation purposes to residents of the town of Ojai, formerly Nordhoff, and vicinity, asks permission to increase rates.

A public hearing in the matter was held at Ojai, February 5, 1919.

The application alleges in effect that, since service to consumers was commenced on January 1, 1913, the average annual losses from operation have been \$809.66; that there have been material increases in the cost of labor and supplies;

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and that additional investment is required for meter installations and for improvements to the system.

The rates now in effect and those asked for are as follows:

	<u>Rates now In Effect</u>	<u>Rates Asked For</u>
Minimum Flat Rate per Month	\$1.50	\$2.00
Minimum Metered rate per month, entitling consumers to 6000 gallons or 800 cubic feet.	1.50	2.00
Metered rate for quantities in excess of 6000 gallons or 800 cubic feet, per 100 cubic feet.	0.18 3/4	0.20

About 43 percent of the services are metered.

Applicant claims a return upon an estimated value of the present system amounting to \$19,082.46 and upon an additional \$2,000.00 which is claimed will be invested for meters and necessary improvements to the plant. The actual cost of the system to January 1, 1918, is shown by applicant to be \$12,707.06. The estimated cost to reproduce the property, as determined by the Commission's engineers, is \$15,170.00. On May 23, 1913, the applicant herein asked permission of the Commission to purchase this water system, and the application contained the following statement:-

" Said enterprise, both as to the production and distribution of light and as to the production and distribution of water, is not undertaken with the view of making a revenue producing and commercially successful corporation, so much as for the purpose, as stated, of mutually supplying said stockholders and their community with needed public convenience."

Testimony also showed that the territory served is widely scattered and is still in its development stage.

Applicant submitted the following statement of estimated annual charges and revenue required to support the property:-

Operating expenses per year	\$ 3,120
Depreciation	742
8% interest of \$19,082	1,527
Taxes, interest and depreciation on additional investment for meters, service, etc., of \$2,000.	<u>260</u>
Total necessary charges and revenue required	\$ 5,649

It is apparent from the investigation by the Commission's engineers that the foregoing estimate of necessary charges and revenue should be reduced and the following statement shows reasonable annual charges based upon a return on the entire estimated reproduction cost plus the cost of contemplated improvements:-

Interest at 8% on \$17,170	\$ 1,374
Depreciation annuity on 6% sinking fund basis	350
Maintenance and operating expense based upon actual costs in 1918	<u>2,900</u>
Total	\$ 4,624

Revenues for the year 1918 amounted to \$3,293.

The schedule of rates set out in the accompanying order will yield sufficient revenue to cover maintenance and operating expense, depreciation annuity, and an equitable return upon the investment in view of its avowed purpose of organization and its operations since that time.

Testimony indicates that service to some consumers was inadequate, but it is probable that the contemplated improvements, especially the metering of the system, will remove the cause for complaint.

O R D E R

OJAI POWER COMPANY having filed application in the above entitled proceeding, a public hearing having been held thereon, and being fully informed in the matter,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Ojai Power Company for water delivered to residents of the town of Ojai and vicinity are unjust and unreasonable insofar as they differ from the rates herein established, and that the rates herein established are just and reasonable rates to be charged for such service.

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

IT IS HEREBY ORDERED that Ojai Power Company be and the same is hereby authorized and directed to file with the Railroad Commission within twenty days from the date of this order, and thereafter charge the following rates for water delivered to residents of Ojai and vicinity:-

RATE SCHEDULE

Metered Rates

Monthly minimum for	5/8"	meters	\$1.00
"	"	3/4"	1.50
"	"	1"	2.00
"	"	1 1/2"	3.00
"	"	2"	4.00
"	"	3"	5.00
"	"	4"	6.00
"	"	" & Larger	6.00
From 0 to 1000 cubic feet, per 100 cu.ft.			0.25
Over 1000	"	"	0.20

Flat Rates

The present flat rates are to remain in full force and effect for all unmetered services.

IT IS HEREBY FURTHER ORDERED that Ojai Power
Company furnish an adequate supply of water to all con-
sumers.

Dated at San Francisco, California, this 14th
day of May, 1919.

Edwin O. Edgerton
H. H. Boardman
Frank Berlin
H. H. Boardman

Commissioners.