

Decision No. 7545

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of Highland Domestic Water Company for authority to increase its water rates.) } Application No. 4888.

Wm. Guthrie for Applicant.

BY THE COMMISSION:

O P I N I O N

This is an application of Highland Domestic Water Company for authority to increase its rates for supplying water for domestic and irrigation purposes in the community known as Highland, San Bernardino County, California. Applicant alleges that the present rates are noncompensatory and unremunerative and do not produce operating expenses, depreciation, and a fair return on the investment.

A public hearing was held in the above entitled matter before Examiner Westover at Highland on February 6, 1920, and an investigation was made by a representative of the Railroad Commission's engineering department.

At the present time water is supplied by this utility under flat and metered rates. The minimum on the flat rate service is \$1.00 per month, which does not include baths, toilets or outside faucets, extra charges being made for these and all other uses.

The charges under the meter rate schedule are as follows:

Minimum per month for one family,					\$1.00
First 3000 gallons,	at 40¢	per 1000	gals.		
3,000 to 5,000 gallons, ...	35¢	"	"	"	
5,000 to 20,000 " ...	30¢	"	"	"	
20,000 to 50,000 " ...	25¢	"	"	"	
50,000 to 100,000 " ...	20¢	"	"	"	
100,000 and over,	15¢	"	"	"	

The Highland Domestic Water Company was organized about 1898. Previous to this time the domestic water supply for this territory was obtained from open canals. Every year there was more or less typhoid fever and the water company was formed with the idea of developing a supply of pure water. A tract of land was purchased, wells sunk, pumping plant installed and a concrete reservoir with a capacity of approximately 525,000 gallons constructed. From this reservoir the water is distributed by gravity through 64,334 feet of steel pipe varying in size from one half inch to 8 inches in diameter.

Mr. M. E. Ready, of the Commission's engineering department, who presented an appraisal of the property of applicant, estimates the cost to have been \$32,422.

A study of the books for the years 1918 and 1919 shows the following annual revenues and expenditures:

	<u>1918</u>	<u>1919</u>
Gross Operating Revenue	\$4,690.78	\$4,919.03
Operating Expenses.....	2,107.17	2,628.96
Depreciation.....	347.00	347.00
Net Revenue.....	2,236.61	1,943.07

The depreciation or replacement fund is computed by the sinking fund method.

Applicant had returned to it in 1919 a net revenue sufficient to pay interest upon the estimated cost of its system at 6 per cent., and it appears from the evidence that its business is increasing to such an extent that a slightly increased rate will produce the revenue to which it is entitled.

O R D E R

HIGHLAND DOMESTIC WATER COMPANY having applied to this Commission for an order authorizing it to increase its rates for water, a public hearing having been held, the matter having been submitted and being now ready for decision,

It is hereby found as a fact, that the rates heretofore charged by Highland Domestic 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.

And basing its order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Highland Domestic Water Company be, and it is hereby authorized to file with the Railroad Commission within twenty (20) days from the date of this order, and thereafter charge the following meter rates for water served to its consumers:

First	5,000 gallons	\$0.40	per 1000 gallons
Next	15,000 "30	" " "
Next	30,000 "25	" " "
Next	50,000 "20	" " "
All in excess of 100,000 gallons,.....			.15	" " "
Minimum payment, \$1.00 per month.				

Dated at San Francisco, California, this 11th day of May, 1920.

Edwin C. Edgerton
J. D. Leonard
Stanley D. Wilson
H. B. Brundage
Quincy Martin
Commissioners.