

Decision No. 7651.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of CORONA CITY WATER COMPANY, a) Application No. 4786.
corporation, to increase rates.)

Walter S. Clayson for Applicant.

Geo. R. Freeman for City of Corona.

MARTIN, Commissioner.

O P I N I O N

The Corona City Water Company, applicant herein, is a public utility water company engaged in the business of supplying water for domestic purposes in the city of Corona, Riverside County, California. In the above entitled matter applicant asks authority to increase its rates for the sale of water, it being alleged that the present return is insufficient to meet operating expenses and provide for necessary extensions and betterments. It is also alleged that the number of consumers is decreasing each year and that thereby applicant's revenue is materially reduced.

A public hearing was held in this matter and an investigation of the system was made by a representative of the Commission's engineering department.

The Corona City Water Company is a public utility company organized for the purpose of furnishing water for domestic and irrigation purposes to consumers in the City of Corona. It is an off-shoot of the Temescal Water Company, a mutual organization. The Corona City Water Company receives its supply of water from the parent company through the ownership of 500 shares of water stock. These shares are

equivalent to 50 miner's inches of water continuous flow with a cumulative right over certain periods.

Investigation disclosed that the average daily consumption over any one calendar year has never reached an amount equal to 50 miner's inches continuous flow, and it therefore appears that applicant should not be required to pay a return on that amount. The amount of water necessary to supply the consumers of applicant was estimated by the Commission's engineer to be 35 miner's inches. This estimate was based on the company's records showing a total of all meter readings, with a reasonable amount added for the few existing flat services. At the hearing, however, attention was directed to the fact that the figures as recorded by the company did not include water used for fire protection, flushing sewers, or any waste in the system, and a revised estimate of 40 miner's inches continuous flow was submitted as the amount of water necessary for the operation of the system. This amount is the equivalent of 400 shares of Temescal Water Stock.

The present rates of Corona City Water Company on file in this office were established by the Commission in its Decision No. 2053, Case No. 661, City of Corona vs. Corona City Water Company, Vol. 6, p.16, Opinions and Orders of the Railroad Commission, and are as follows:

Minimum for 800 cu.ft. or less.....	\$1.25 per month.
Between 800 and 2000 cu.ft. ....	.10 per 100 cu.ft.
Over 2000 cu.ft. ....	.07 $\frac{1}{2}$ " " "
Water for street sprinkling.....	.07 $\frac{1}{2}$ " " "
4" fire hydrants off 4" or larger mains...	1.00 per month.
Fire hydrants of smaller dimensions than 4".....	.25 " "

At the time of the hearing in Case No. 661, supra, an extensive investigation was made by the Commission's engineers, and with the exception of some few slight modifications, the valuation established at that time will be used for the purposes of this order. These changes are made necessary by property abandoned or out of use, changed operating conditions and additions to fixed capital. It appears that the following items constitute a reasonable rate base for the year 1919:

Estimated original cost of system ex- clusive of Temescal Water Company stock,	\$80,623
400 shares of Temescal Water Company stock,	40,000
Working capital,.....	<u>500</u>
Total,.....	\$121,123

The evidence introduced on the subject of working capital was meager, one witness stating in effect that some amount less than \$1,000 was necessary to carry on the business. It is believed that \$500 is an ample sum to be allowed for this item.

The company's records show the gross annual revenue for four years to have been as follows:

1915.....	\$21,738.90
1916.....	21,614.63
1917.....	21,894.17
1918.....	19,769.22

The company's witnesses testified that the reduction in revenue in 1918 was caused by the decrease in population due to the war and other conditions; that during 1919 the people were returning to Corona and that a gradual increase was expected in the future. It follows then that it is not unreasonable to expect that the present rates if continued in effect would yield a gross revenue of \$22,500 for the year 1920.

The annual reports of the company show that it expended \$13,344 for operating its system during 1918. The Commission's engineers estimate that a fair annual allowance for operating expenses approximates \$13,000, and after analyzing the evidence this appears reasonable. The replacement fund computed by the sinking fund method totals \$750. Summing these yearly charges, including the interest return, it appears that rates established should yield annually the sum of \$23,485. It therefore seems proper to provide for an increased revenue and furthermore, to so adjust the rate schedule that each consumer shall pay more nearly his equitable proportion of the expense. The rate schedule herein established

is designed to yield the above sum, and to more equitably distribute the charges among the consumers.

O R D E R

The Corona City Water Company having made application for permission to increase its rates, a public hearing having been held and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by the Corona City 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 to be charged by the Corona City Water Company, and

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

IT IS HEREBY ORDERED that the Corona City 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 rates for water served to the inhabitants of the City of Corona.

MEASURED RATE SCHEDULE FOR USE:

0 to 500 cubic feet, 20 cents per 100 cubic feet.									
500	"	1000	"	"	15	"	"	"	"
1000	"	2000	"	"	12	"	"	"	"
Over	"	2000	"	"	8	"	"	"	"

Minimum monthly payments:

5/8 inch meter	.....	\$ 1.00
3/4 " "	.....	1.50
1 " "	.....	2.00
1 1/2 " "	.....	3.00
2 " "	.....	5.00

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 1st day of June, 1920.

Edwin O. Edgerton

A. J. Leland

Dwight Martin

Commissioners.