

Decision No. 7713.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of J. L. Doherty for authority to)
increase rates for water of public) Application No. 5276.
utility plant on the Downey Home)
Tract, Downey, California.)

J. L. Doherty in propria persona.

LOVELAND, Commissioner.

O P I N I O N

This is an application by J. L. Doherty, owner of a public utility water plant located on the Downey Home Tract, Downey, California, for authority to increase rates for distribution and sale of water to consumers. Applicant alleges, in effect, that the present rates are unremunerative and do not produce an income sufficient to equal operating costs, replacement fund and interest on investment.

The rates at present in effect on this system were established by this Commission's Decision No. 2511, dated June 22, 1915, in Application No. 1375, In the Matter of the Application of Downey Land and Improvement Association for an order authorizing the establishment of rates for water on Downey Tract, Downey, California. (Vol. 7, p. 224, Opinions and Orders of the Railroad Commission of the State of California) and by the Commission's letter to the Downey Land and Improvement Association dated April 27, 1916, permitting a modification of the schedule established. These rates are as follows:

First 500 cubic feet or less..... \$ 1.00

Excess of 500 cubic feet, per 100 cu. ft.,08

J. L. Doherty acquired this water system under authority granted by the Commission in its Decision No. 6073, dated January 20, 1919, in Application No. 4256, In the matter of the Application of Downey Land and Improvement Association for Permission to sell water system to John L. Doherty (Vol. 16, p. 416, Opinions and Orders of the Railroad Commission of California).

A public hearing was held in the present proceeding and a field investigation and appraisal of the properties was made by a representative of the Commission's Engineering Department. The appraisal submitted by the Commission's engineer shows the estimated original cost of the system to be \$2,708, and \$60 as the replacement annuity, computed on the sinking fund basis. No other evidence was introduced at the hearing on the cost of the plant. These estimates appear reasonable and will be used for the purposes of this proceeding.

Applicant claims an operating expense of \$402.83 for 1919. However, this figure includes \$234.72 for a motor and other equipment, which clearly should be charged to capital account. A study of all of the data submitted leads me to the conclusion that \$225 is a fair sum to be allowed for this item.

After carefully considering the evidence regarding these operating expenses and other elements going to make up the sum which should be annually produced by rates, it appears that the following are reasonable:

Interest on \$2,708 at 8%,.....	\$ 233.
Replacement Fund.....	60.
Maintenance and Operation.....	225.
Total.....	\$ 508.

The total operating income from this system for 1919 was \$466.60, and it does not appear that there will be any appreciable increase in income in the near future by reason of increased consumption.

It is therefore apparent that this is a case in which the application for authority to increase rates should be granted, and the schedule established in the following order is designed to return to applicant an income at least equal to the annual charges above set out.

I recommend the following form of order:

ORDER

J. L. Doherty having applied to the Railroad Commission for authority to increase the rates for water served in the Downey Home Tract, a public hearing having been held and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT, that the rates and charges of J. L. Doherty, insofar as they differ from the rates herein established, are unjust and unremunerative, and that the rates and charges herein established are just and reasonable rates.

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

IT IS HEREBY ORDERED that J. L. Doherty be and he is hereby authorized to file with the Railroad Commission within twenty (20) days from the date of this order, the following schedule of rates, the same to supersede all rate schedules of this system heretofore in effect, and to be and become effective on and after July 1, 1920:

METER RATES

400 cu.ft. or less.....	\$ 1.00
400 cu.ft. to 1000 cu.ft., per 100 cu.ft.,	.15
In excess of 1000 cu. ft., per 100 cu.ft.,	.10

IT IS HEREBY FURTHER ORDERED that J. L. Doherty be and he is hereby directed to file with the Railroad Commission for its approval, rules and regulations governing the distribution of water to his con-

