

Decision No. 7809.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of)
the HAWTHORNE ELECTRIC & WATER COM-)
PANY for an order increasing its)
rates to be charged for distribution)
of water.)

Application No. 5106.

U. M. Thomas for Applicant.

Clyde Woodworth for certain protestants.

BY THE COMMISSION.

O P I N I O N

This is an application by the Hawthorne Electric and Water Company, a corporation, for an order authorizing it to increase its rates for water distributed in and in the vicinity of the town of Hawthorne, Los Angeles County, California. In this proceeding applicant alleges in effect that the income derived from its present rates is unremunerative and is insufficient to meet operating costs, replacement fund and interest on investment.

The rates in effect at the present time were established by order of this Commission in Decision No. 356, dated December 6, 1912, In the Matter of the Application of Hawthorne Electric and Water Company for the Establishing of Rates (Application No. 5), and are as follows:

DOMESTIC RATE

Flat Rate, per month.....\$1.50

METER RATE

For 750 cu.ft. or less..... 1.25
Next 750 cu.ft., per 100 cu.ft..... .12½
In excess of 1500 cu.ft., per 100 cu.ft.... .10

A public hearing was held in this matter before Examiner Westover at Los Angeles.

It appears from the evidence that the original plant was

installed in 1905 and 1906 as a part of a real estate development project. From time to time, as the various subdivisions were improved, the property owners installed pipe lines to connect with the water system and turned them over to the water company free of charge. In this manner the distributing system of applicant has been enlarged and built up until it now covers a large area of sparsely settled territory. This is shown by the fact that there is an average of 318 feet of main per consumer.

In the appraisal of the properties of this utility, submitted by Mr. M. E. Ready, one of the Commission's Hydraulic Engineers, the estimated original cost is found to be \$76,599. Evidence was introduced by applicant showing the original cost to have been \$69,811.

The evidence shows that the territory served by applicant is very sparsely settled and that the system is overbuilt for its present uses. It is unnecessary to discuss the value of this system because of the fact that it would be unfair to the present consumers to so increase the rates as to produce interest upon either of the above mentioned sums. However, the rates established herein are designed to provide a small interest return on the investment.

Mr. Ready testified that the replacement fund, computed on the sinking fund basis, as set out in his appraisal, is \$1,626, and that the maintenance and operation expense for 1919, as shown by the books of the company, was \$3,219. It appears, however, that owing to the increased cost of labor, electrical energy and materials, that the cost of operation will be somewhat increased during the coming year, and that the sum of \$3,900 is a fair allowance for this item.

The gross operating revenue for the year 1919 was \$7,305. It is apparent that the present rate schedule does not yield an adequate revenue and it appears that applicant is entitled to a rate increase.

The rate schedule established in the order following, is designed to yield maintenance and operation expense, replacement fund,

and a certain amount for interest on the investment: 2

O R D E R

Hawthorne Electric and Water Company having applied to the Railroad Commission for authority to increase its rates for water served in Hawthorne and vicinity, and 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 Hawthorne Electric and Water Company, insofar as they differ from the rates herein established, are unjust, unreasonable 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 findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Hawthorne Electric and Water Company be and it is hereby authorized to file with the Railroad Commission of the State of California within twenty (20) days of the date of this order, and thereafter charge, the following rates:

METER RATES

For 400 cubic feet or less.....	\$ 1.00
For next 600 cubic feet, per 100 cu.ft.,.....	.20
For next 1000 cubic feet, per 100 cu.ft.,....	.15
Excess 2000 cubic feet, per 100 cu.ft.,.....	.12

FLAT RATES

1.- For all residences.....	\$ 1.50
For each automobile.....	.25
For each horse or cow.....	.20
2.- Sprinkling or irrigation of lawns, shrubbery, trees, gardens, etc., per square yard,.....	.02

IT IS HEREBY FURTHER ORDERED that within twenty (20) days of the date of this order, applicant file with the Commission, subject to its acceptance and approval, a complete set of rules and regulations governing the service of water on its system, and thereafter put into

effect the rules and regulations so approved.

Dated at San Francisco, California, this 25th day
of June, 1920.

H. S. Loveland

Frank D. Owen

H. C. Bondage

Irving Martin
Commissioners.