

Decision No. FO 28

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of the EL SEGUNDO WATER COMPANY,)	
a Corporation, for an order au-)	Application No.4743.
thorizing increase in rates for)	
water sold and delivered through)	
its system.)	

Robert M. Clarke, for the applicant.

Clyde Woodworth, for the protestants.

BY THE COMMISSION:

O P I N I O N

Applicant in the above entitled proceeding is a public utility supplying water to consumers in El Segundo and vicinity. It alleges in effect that its present rates do not yield sufficient revenue to give a reasonable return upon its investment. The Commission is asked to authorize an increase in the irrigation rates.

A public hearing was held in Los Angeles at which all interested parties were given an opportunity to be present and be heard.

Applicant's present rates are those established by its predecessors in interest, the El Segundo Land and Improvement Company and the Arena Water Company, and are as follows:

DOMESTIC RATES

First 700 cubic feet or less per month, . . .	\$.150
Over 700 cubic feet, per 100 cubic feet, . . .	0.10

IRRIGATION RATES

First 700 cubic feet or less per month, . . .	\$.150
Over 700 cubic feet, per 100 cubic feet, . . .	0.05

The domestic rate is charged approximately 210 consumers residing in the El Segundo townsite, and the irrigation rate about 91 consumers residing on larger tracts outside the limits of the townsite.

The water supply is pumped from wells into storage tanks and is then distributed by gravity to consumers. The system was originally installed to assist in the sale of real estate and the pipe system is very largely overbuilt. Some of the pipe lines are not used at present.

Applicant submitted an appraisal of its properties based upon reproduction cost less accrued depreciation, using costs of labor and material prevailing during the year 1916, and amounting to \$75,075.

The Commission's hydraulic engineers presented an estimate of original cost of the system, not including lands, amounting to \$56,094, and a depreciation annuity, calculated by the sinking fund method, of \$1477. A reasonable allowance for maintenance and operation expense for the future was estimated at \$5700.

After a careful consideration of all the testimony it appears that a fair estimate of the original cost of all the utility's property is \$61,094, and that the total annual charges, based upon the foregoing figures, will amount to \$12,065.

Operating revenues for the year 1919 amounted to \$6814, and it is apparent that the present rates do not yield sufficient revenue. As the system is so largely overbuilt, it would however be unreasonable to compel the present consumers to pay a rate which would yield the full amount of annual charges set out above. The rates fixed in the accompanying order will however do substantial justice to both the consumers and the utility.

Some consumers, residing in the northerly and northwesterly part of the service area, testified that service was inadequate and pressures were low. It is recommended that some provision be

made, through the installation of higher storage tanks or other means of improving service to these consumers. Other complaints as to poor quality of water can probably be remedied by frequent and thorough flushing of the mains.

O R D E R

El Segundo Water Company having made application in the above entitled proceeding, a public hearing having been held thereon and the Commission being fully informed in the matter,

IT IS HEREBY FOUND AS A FACT, that the rates now charged by El Segundo Water Company for water delivered to its consumers are unjust and unreasonable in so far 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; and basing its order upon the foregoing finding of fact and upon the findings contained in the preceding opinion,

IT IS HEREBY ORDERED that El Segundo Water Company be and it is hereby authorized and directed to file with the Railroad Commission within twenty (20) days from the date of this order, and thereafter charge, effective for all meter readings subsequent to Sept. 1, 1920, the following rates for water supplied to its consumers:

MONTHLY MINIMUM RATES

For 5/8 inch meters,.....	\$1.00
For 3/4 inch meters,.....	1.25
For 1 inch meters,.....	1.75
For 1 1/2 inch meters,.....	2.50
For 2 inch meters,.....	3.00
For 3 inch meters, and larger,.....	5.00

MONTHLY METER RATES

From 0 to 500 cubic feet per 100 cu.ft.,.....	\$0.25
From 500 to 1000 cubic feet per 100 cu.ft.,.....	0.20
From 1000 to 2000 cubic feet per 100 cu.ft.,.....	0.15
Over 2000 cubic feet per 100 cubic feet,.....	0.10

AND IT IS HEREBY FURTHER ORDERED that the collection of the rates herein established is expressly conditional upon adequate service being furnished to consumers.

Dated at San Francisco, California, this 27th day of August, 1920.

Edwin O. Edgerton

A. D. Loveland

Frank R. Devlin

H. T. Bundege
