

Decision No. 8076

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
J. A. GRAVES for an order authorizing)	Application No.5330.
an increase of rates charged for water.)	

Stuart O'Melveny, of O'Melveny, Millikin
& Tuller, for Applicant.

T. C. Gould and G. M. Lorraine, for City of
Alhambra.

BRUNDIGE, Commissioner.

O P I N I O N

This is an application by J. A. Graves, owner of a public utility water system, located in South Pasadena, Los Angeles County, California, for authority to increase rates for distribution and sale of water to consumers in South Pasadena, San Marino and Alhambra.

Applicant alleges, in effect, that the present rates do not produce an income sufficient to equal operating costs, replacement fund and interest on investment.

The rates in effect at present on this system were established by this Commission in its Decision No.3456, dated June 24,1916, in Application No.2336, In the Matter of the Application of J.A. Graves for Authority to Increase Rates (Vol.10, p.473, Opinions and Orders of the Railroad Commission of California). These rates

are as follows:

1000 cubic feet or less,	\$1.25 per month.
1000 to 5000 cubic feet,	.10 per 100 cu.ft. per month.
Over 5000 cubic feet,08 " 100 " " " "
Each fire hydrant, . . .	1.50 " month.

A public hearing was held in the present proceeding at Los Angeles, of which hearing all of applicant's consumers were duly notified and given an opportunity to appear and be heard. At the hearing Mr. D. H. Harroun, one of the Commission's hydraulic engineers, presented a report covering a field investigation, appraisal of properties and maintenance study. The appraisal submitted by the Commission's engineer shows the estimated original cost of the system to be \$71,546, and gives \$849 as the replacement annuity, computed on the sinking fund basis. These estimates were not questioned at the hearing or subsequently, and appear reasonable and therefore will be adopted for the purpose of this proceeding. The report also recommends the sum of \$3751 as a fair and just estimate of the future annual cost of operating this system.

The following is a summary of the annual charges as set out above:

Interest on \$71,546 at 8%,	\$5,724
Replacement annuity,	849
Maintenance and operation,	3,751
Total estimated annual charges,	<u>\$10,324</u>

The total income from the operation of this system for the year 1919 was \$5227, and it does not appear that there will be any appreciable increase in the 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, which is the schedule of rates applicant asks to have establish-

ed, will return to applicant maintenance and operation expense, replacement fund, and a certain amount for interest on the investment.

O R D E R

J. A. Graves having applied to the Railroad Commission for authority to increase the rates charged for water served to consumers on his water system, 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. A. Graves, in so far 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 J. A. Graves be and he 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 for water:

For 600 cubic feet or less, \$1.25 per month.
For all water used over 600 cu.ft.,10 per 100 cu.ft.
For each fire hydrant, 1.50 per month.

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 13th day of September, 1920.

E. J. Egan
H. D. Loveland

H. R. Brundage

Commissioners.