

Decision No. 8077

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of)
BELL WATER COMPANY for permission to)
increase water rates.)

Application No. 5731.

A. B. Shaub and Alva E. Pearson for
Applicant.

BRUNDIGE, Commissioner.

O P I N I O N .

Bell Water Company, applicant in the above entitled proceeding, is a public utility water company located in the unincorporated territory known as Bell, Los Angeles, County, California, and is engaged in the business of selling and distributing water for domestic and irrigation purposes to consumers in that vicinity.

In this proceeding applicant asks for authority to increase its rates for such service, alleging in effect that due to the high cost of labor and materials, the rates now in effect do not return a sufficient revenue to cover maintenance and operating expenses, replacement fund and an adequate return upon the investment.

Rates were established for Bell Water Company by this Commission in its Decision No. 3058, dated February 8, 1916, in Application No. 1983, In the Matter of the Application of Bell Water Company for an order authorizing an increase in the rates for water furnished in Bell, Los Angeles County (Vol. 9, p. 155, Opinions and Orders of the Railroad Commission of California).

The record in said proceeding is hereby referred to for the history

of the company and other matters relating to its operation.

It appears that after a trial of several months of the rates established by the Commission in its Decision No. 3058, above referred to, the Bell Water Company voluntarily reduced the rates established, and it now alleges that the present schedule is non-compensatory and again asks that the Commission establish rates.

A public hearing was held in this matter, and all interested parties were given an opportunity to appear and be heard. At the hearing, Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers submitted a report containing an appraisal of the properties of Bell Water Company, which report was introduced as evidence and filed as "Commission's Exhibit No. 1". This appraisal shows the estimated original cost of the used and useful property of Bell Water Company to be \$40,490. The replacement fund computed by the sinking fund method is \$796. This sum accumulated annually, is designed to provide a proper fund for the replacement of worn out properties.

No other estimate of the value of applicant's property was submitted, and therefore the above figures, which appear to be fair, will be used for the purposes of this proceeding.

Due to applicant's inefficient system of keeping its records, much difficulty was experienced in segregating items of expense to the accounts to which they should properly be charged. From the data available, however, and taking into consideration the increased costs of labor and material, it appears that the sum of \$6,119 is a reasonable sum to cover the annual maintenance and operation expense of this company.

Applicant herein does not keep its records in accordance with this Commission's prescribed Uniform Classification of Accounts and general orders. It is recommended that this company immediately install a bookkeeping system in accordance with the Commission's requirements and thereafter keep its accounts and records in the prescribed manner.

After a careful study of all data submitted, regarding the operation expense and other elements going to make up the sum which should be annually produced by rates, it appears that the following are reasonable charges:

Interest on \$40,490 @ 8%.	\$3,239.
Replacement annuity,	796.
Maintenance and Operation Exp.,	6,119.
T o t a l:	<u>\$10,154.</u>

The total operating income from this system for the year July 1, 1919 to June 30, 1920, was \$6,968.38. However, a study of the water use during this same period shows that there has been a large increase in domestic consumers in the past year, and it is reasonable to assume that this condition will continue to prevail and will be reflected in an increased revenue. However, it is apparent that the present rate schedule does not yield an adequate revenue and that relief should be granted. The schedule established in the following order is designed to return an income approximately equal to the annual charges above set out.

O R D E R.

Bell Water Company having applied for authority to increase its rates for water, 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 and charges of Bell 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 further statements of fact contained in the opinion which precedes this order,

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

schedule of rates:

DOMESTIC METER RATE:

For 500 cu. ft. or less per month,	\$1.00
From 500 cu. ft. to 2000 cu. ft. per 100 cu. ft.,	.15
All in excess of 200 cu. ft. per 100 cu. ft.,	.10

IRRIGATION METER RATE:

2500 cu. ft. or less, per month,	1.50
All in excess of 2500 cu. ft. per 100 cu. ft.,	.06

IRRIGATION FULL FLOW OF PUMP NO. 2:
(Capacity approximately 100 miner's inches)

1 hour or less,	2.00
All in excess of 1 hour, per hour,	2.00

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

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.

Edwin O. Egerton
H. L. Howard
H. P. Bunnick