

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of Lewis A. and Prudence Turner, joint owners of a water plant, for an increase of rates.)
)
)

Application No. 5777.

Lewis A. and Prudence Turner in propria persona.

BRUNDIGE, Commissioner.

O P I N I O N .

This is an application of Lewis A. and Prudence Turner, joint owners of a public utility water system located at 256 Cudahy Avenue, Bell, Los Angeles County, California, for authority to increase rates. Applicants are engaged in the business of selling and distributing water for domestic and irrigation purposes to consumers in that vicinity, and in this proceeding ask for authority to increase rates for such service, alleging in effect that the present rates do not produce an income sufficient to cover the maintenance and operating expense, replacement annuity, and an adequate return on the investment. It is further alleged in effect that the present rates were established by the applicants and agreed to by the consumers, with the understanding that they should be raised at such time as the increased cost of electric power and other expenses might justify.

The rates at present in effect are as follows:

IRRIGATION:

Full flow of the pump (approximately 100 miners inches) \$1.00 per Hr.
(There is a contract with a certain consumer for water through a 4" service on a low pressure tank at 50¢ per hour)

DOMESTIC:

For 1333 cu. ft. or less.	\$1.25 minimum charge
From 1333 cu. ft. to 2660 cu. ft.,	.80 per 1333 cu. ft.
All in excess of 2660 cu. ft.,	.70 per 1333 cu. ft.

It appears that the water system in question was originally installed for applicants' own use, but as a large flow of water was developed, applicants entered into an agreement with their neighbors to furnish them water for certain consideration, apparently not knowing that by so doing they were acting in the capacity of a public utility, and therefore under the jurisdiction of this Commission. The rates for service were changed as conditions seemed to warrant. Now, however, realizing their status as a public utility, they come before the Commission for establishment of their rates, as outlined above.

A field investigation of applicants' system was made by representatives of the Commission's Engineering Department, and at the hearing herein a report, including an appraisal of applicants' properties was submitted by Mr. F. H. Van Hoesen, one of the Commission's Hydraulic Engineers, which was introduced as evidence and marked "Commission's Exhibit No. 1".

The estimate of the original cost of this plant, as submitted by the Commission's engineers, was \$14,404. The replacement annuity computed by the sinking fund method is \$274. This latter sum, accumulated annually, is designed to provide a proper fund for the replacement of worn out properties. Applicants submitted as their own estimate of the original cost of the system \$13,026. However, certain items had been omitted which should properly have been charged, and when added, their estimate will approximately equal that of the Commission's engineers. The figures submitted by the Commission's engineers appears to be fair, and therefore will be used for the purposes of this proceeding.

Applicants' accounts have not been kept in such manner that it is possible to obtain the details of the maintenance and

operation expense of this company, but from the data available and taking into consideration increased costs of labor and material, our engineers submit that \$2,877. is a reasonable sum to cover the annual maintenance and operation expenses of this system. From the evidence it appears that this amount is fair.

The Railroad Commission has prescribed a Uniform Classification of Accounts, and it is recommended that applicants herein immediately install a bookkeeping system in accordance with the Commission's requirements, and thereafter keep their accounts and records in the prescribed manner.

After a careful consideration of the evidence submitted and the elements going to make up the sum which should annually be produced by rates, it appears that the following are reasonable annual charges:

Interest on \$14,404. at 8%,	\$1,152.
Replacement Fund,	274.
Maintenance and Operation Exp.,	2,877.
Total:	<u>\$4,303.</u>

The total operating income from this system for the year 1919 was \$2,370. and it is therefore obvious that applicants are justified in asking for increased rates and that relief should be granted. The schedule established in the following order is designed to return an income at least equal to the annual charges above set out.

O R D E R .

LEWIS A. and PRUDENCE TURNER having applied to the Railroad Commission for authority to increase the rates for water served, 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 Lewis A. and Prudence Turner, in so far 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 Lewis A. and Prudence Turner be and they are 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 October 1, 1920:

DOMESTIC METER RATES:

400 cu. ft. or less, minimum per Mo.,	\$1.00
400 cu. ft. to 2000 cu. ft., per 100 cu. ft.,	.20
In excess of 2000 cu. ft. per 100 cu. ft.,	.15

IRRIGATION SERVICE:

Full flow of pump (approximately 100 miner's inches), per hour,	2.00
Flow from low pressure tank through 4" service, per hour,	.75

IT IS HEREBY FURTHER ORDERED that Lewis A. and Prudence Turner be and they are hereby directed to file with the Railroad Commission, within ten (10) days from the date of this order, for its approval, rules and regulations governing the distribution of water to their consumers, said rules to be and become effective within five (5) days of their approval by this Commission.

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 C. Edgerton
H. D. Loveland
H. B. Brouder
Commissioners.