

ORIGINAL

Decision No. 8168

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of BELVEDERE WATER COMPANY for)
authority to increase its water) Application No. 5103.
rates.)

Gibson, Dun & Crutcher, by S. M. Haskins,
for Applicant.
Thomas A. Berkebile for certain consumers
and Belvedere Civic Association.

BY THE COMMISSION.

O P I N I O N

Belvedere Water Company, applicant herein, is a public utility water company engaged in the business of selling and distributing water within that certain territory in Los Angeles County known as Belvedere. In this proceeding applicant asks for authority to increase its^{rates}/for service, alleging in effect that due to the increased cost of labor and materials, the present schedule of rates is unremunerative and the revenue is insufficient to meet operating cost, replacement fund and interest on investment. The increase desired by applicant is set out in a schedule attached to the application and marked "Exhibit A".

Rates for this company were established by this Commission in its Decision No. 3599 in Case No. 908, dated August 26, 1916, In the Matter of the Rates and Service of Belvedere Water Company (Vol. 10, p. 705, Opinions and Orders of the Railroad Commission of California), to which proceeding reference is hereby made for the history of the company and matters pertaining to its operation. The Belvedere Water Company petitioned for a rehearing in the above proceeding, and it appearing to the Commission that through an error in computations the schedule of rates previously established would not return to the company the amount of revenue to which the Commission found it entitled, a revised schedule of rates was established (Decision No. 3751), which schedule is in effect at the present time. (See Vol. 11, p. 518, Opinions and Orders of the Railroad Commission.)

A public hearing was held in the above entitled proceeding before Examiner Satterwhite at Los Angeles, of which hearing applicant's consumers were duly notified and given an opportunity to appear and be heard.

At the former hearing before the Commission relating to the rates of this Company, the proper value for rate fixing purposes of the used and useful properties of Belvedere Water Company, was fixed by the Commission as of date April 1, 1916, as \$129,762. At the hearing in the present proceeding, Mr. F. H. Van Hoesen, one of the Commission's Hydraulic Engineers, submitted a report and appraisal wherein the cost of the properties of this company as of July 12, 1920 was estimated as \$135,722, and a replacement fund of \$4,163, arrived at by the sinking fund method, was allowed. This sum, if accumulated annually, will provide a proper fund for the replacement of worn-out properties when the end of their usefulness has been reached. No other appraisal of applicant's properties was submitted at the hearing, and the above figures, which appear to be reasonable, will be used for the purposes of this proceeding.

A study of the maintenance and operation expense was made from the books of the company, but due to the inefficient methods of bookkeeping and incorrect distribution of accounts, it was not possible to arrive at an accurate finding. However, from the data available, and taking into consideration the increased cost of electrical energy, labor and materials which now prevail, it appears that a fair and reasonable estimate of the future annual maintenance and operation costs of this company is \$30,815.

We desire to direct applicant's attention to the fact that this Commission has prescribed a uniform classification of accounts for utilities that come within its jurisdiction, and it is recommended that this company immediately install a bookkeeping system in accordance with the Commission's requirements and thereafter keep its records in the prescribed manner.

After a careful consideration of the maintenance and operation expenses 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 \$135,722 at 8%	\$ 10,858
Replacement fund	4,163
Maintenance and Operation	<u>30,815</u>
Total, - - - - -	\$ 45,836

The total revenue derived from the operation of this system during the year 1918 was \$34,090.35 and for 1919, \$36,344.50, and while it appears that the revenue is gradually increasing, it is nevertheless apparent that applicant's application for authority to increase its rates should be granted. It appears that the schedule of rates which applicant desires to have established will produce an increased revenue, and will return maintenance and operation expense, replacement fund, and a certain amount for interest on investment.

ORDER

BELVEDERE WATER COMPANY having applied to the Railroad Commission for authority to increase its rates for water served at Belvedere and vicinity, a public hearing having been held and the Commission being fully advised in the premises,

It is Hereby Found as a Fact, that the charges of the Belvedere Water Company, 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 upon the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the Belvedere 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 for water:

RATE SCHEDULE

For 500 cu. ft. or less, per month	\$1.00
Between 500 cu. ft. and 1000 cu. ft., per 100 cu.ft...	.15
Between 1000 cu. ft. and 5000 cu. ft., per 100 cu. ft..	.12
All in excess of 5000 cu. ft.06

Monthly Minimum Payment to be:--

Services	3/4" diameter or less	1.00
"	1" diameter or less	1.25
"	1-1/2" diameter or less	1.75
"	2" diameter or less	2.25

Fire Hydrant Rental --including water used for
fire fighting, per hydrant per month 1.50

Public Use--street sprinkling and street and
sewer flushing 6¢ per 100 cu.ft.

IT IS HEREBY FURTHER ORDERED that Belvedere Water Company be and it is hereby directed to file with the Railroad Commission for its approval, within ten days of the date of this order, rules and regulations governing the distribution of water to its consumers, said rules and regulations to be and become effective within five (5) days of their approval by the Commission.

Dated at San Francisco, California, this 1st
day of ~~September~~ ^{October}, 1920.

Edwin O. Coyne
Ed Loveland
Frank R. Dwin
H. T. Brundage

Commissioners.