

Decision No. 8220

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of Pasadena Consolidated Water )  
Company, a corporation, for an )  
order increasing its rates to be )  
charged for distribution of water.)

Application No. 4734.

J. H. Howard for City of Pasadena.

J. A. Anderson for Pasadena Consol-  
idated Water Company.

BY THE COMMISSION.

O P I N I O N

Pasadena Consolidated Water Company, applicant herein, is a public utility water corporation engaged in the business of supplying water for domestic and irrigating purposes to a large tract of land in and adjacent to the eastern and northern boundaries of the City of Pasadena, Los Angeles County, California.

In this proceeding applicant asks for an order of the Railroad Commission authorizing an increase in rates, both for irrigation and domestic service, it being alleged in effect that the revenue received from this system does not provide an amount sufficient to meet operating expense, depreciation, and provide a fair interest return on the investment.

A public hearing was held in this matter at which all interested parties were given an opportunity to appear and be heard. Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report and appraisal of applicant's property, which was introduced as evidence in this proceeding.

The history of Pasadena Consolidated Water Company indicates that the system as it at present exists represents a consolidation in whole or in part of several individually owned irrigation systems. The water supply is obtained by gravity flow throughout a greater portion of the year, through the ownership of stock in a mutual company known as the Precipice Canyon Water Company. An additional water supply is available from two wells, with pumping equipment so arranged that one acts as auxiliary to the other. This company also acquired a water plant including a well and a large distribution system from the Pasadena Park Improvement Company, under authorization of this Commission (Decision No. 1662), dated July 9, 1914. However, the well and pumping equipment so acquired is not deemed used and useful property of this utility and is not included in the appraisal as such.

The report submitted by the Commission's engineers shows an estimate of the original cost of this system in the amount of \$266,156, with a replacement fund of \$2,000, computed by the sinking fund method. This estimate was not questioned at the hearing nor subsequently, and it appears reasonable. Therefore the above figures will be used for the purposes of this proceeding. After a careful study of the maintenance and operation costs of this utility, it appears that \$15,394 is a fair annual allowance for this item.

The following is a summary of the above mentioned annual charges:

Interest on \$266,165 at 8%.....	\$21,293
Replacement Annuity.....	2,000
Maintenance and Operation Expense.....	<u>15,394</u>
Total.....	\$38,687

The total revenue received by this utility for 1919 was \$16,813.73. It is therefore apparent that this utility should be granted authority to increase its rates.

Testimony shows, however, that this system is largely over-built for its present uses and covers a large area of sparsely

settled territory, and a rate computed to produce a return equal to the above annual charges would be unduly burdensome to the present consumers. But it is unnecessary to further discuss this phase of the situation as based upon the above figures, inasmuch as applicant has suggested a schedule of rates which appears to the Commission to be fair and reasonable insofar as the total revenue which would be derived therefrom is concerned. It appears, however, that the schedule as submitted by applicant will not properly distribute the expense among the consumers and the schedule established in the following order is designed to return to applicant a sum equal to that which would be derived from its suggested schedule of rates and more equitably distribute the burden.

Pasadena Consolidated Water Company has established a policy of discounting 10% on all bills paid before a certain time. If this practice were abolished it would yield the company a considerable additional revenue, and we recommend that the company's policy in this regard be changed. A public utility water company may be adequately protected against delinquency in the payment of bills by specific rules and regulations relating to this phase of its operation, which may be established and put into effect upon their acceptance by the Commission.

#### O R D E R

Pasadena Consolidated Water Company having applied to the Railroad Commission for authority to increase its 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 the Pasadena Consolidated Water Company, insofar 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 the Pasadena Consolidated Water Co. be and is 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 cubic feet or less,.....\$1.00  
From 400 cu.ft. to 2000 cu.ft. per 100 cu.ft..... .20  
From 2000 " " " 5000 " " " 100 " " ..... .15  
All in excess of 5000 cubic feet per 100 cu.ft.,.... .11

IRRIGATION

10,000 gallons or less,.....\$1.50  
From 10,000 gals. to 100,000 gals. per 1,000 gals.,. .15  
All in excess of 100,000 gals. per 1,000 gallons.... .12

IT IS HEREBY FURTHER ORDERED that the Pasadena Consolidated Water Company be and is hereby ordered to file with this Commission within thirty (30) days from the date of this order, for its acceptance, rules and regulations governing the distribution of water to their consumers, said rules to become effective within (5) days of their acceptance 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 11<sup>th</sup> day of October, 1920.

Edwin O. Edgerton  
H. D. Loveland  
H. B. ...  
... ..  
Commissioners.

*CORRECTION*

# CORRECTION

**THIS DOCUMENT**

**HAS BEEN REPHOTOGRAPHED**

**TO ASSURE LEGIBILITY**

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of Pasadena Consolidated Water )  
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Application No. 4754.

ORIGINAL

J. H. Howard for City of Pasadena.

J. A. Anderson for Pasadena Consol-  
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BY THE COMMISSION.

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