

Decision No. 8402.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.  
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In the Matter of the Application )  
of the CRYSTAL SPRINGS WATER COMPANY )  
of Sawtelle, California, for an in- )  
crease in water rates. )

Application No. 5920.

C. E. Ballard for applicant.

MARTIN, Commissioner.

O P I N I O N

Crystal Springs Water Company, applicant herein, is a public utility water company engaged in the business of selling and distributing water for domestic purposes in and in the vicinity of the city of Sawtelle, Los Angeles County, California. In this proceeding it is alleged by applicant that the present schedule of rates, which was established in 1906 when the company was organized, does not produce a revenue sufficient to meet operating expenses, replacement fund and interest on the investment.

A public hearing was held in this matter at Los Angeles, of which all of applicant's consumers were duly notified and given an opportunity to appear and be heard.

Several informal complaints have been instituted against this company, and at the hearing a number of consumers were present and considerable evidence was presented purporting to show that the utility does not furnish adequate service to its consumers, and furthermore that the utility had taken an attitude of unfairness

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in some of its dealings and that there had, in some instances, been a discrimination in rates and service.

On the other hand, it appears that the utility is placed in an unfortunate position by reason of a possible annexation of the territory it serves by the City of Los Angeles, in which event any improvements of wells and pumping equipment which it might make would be a direct loss to the company.

During the past year this company has experienced an extreme water shortage. Several investigations have been made by the Commission's hydraulic engineers, and it was found that the wells from which applicant obtains its supply of water were not producing enough to adequately supply present consumers. This appears to be due to the shallowness of the wells, which only tap the upper water bearing stratum, the water plane of which has been lowered considerably during the past two years, due to the extreme drought which has prevailed.

It is admitted by the applicant that the most feasible method whereby an adequate supply of water can be obtained is by sinking the wells deeper and installing proper pumping equipment.

Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report and appraisal of applicant's properties used and useful in the service of water to the public, showing an estimate of the original cost of the system to be \$24306; a replacement fund computed by the sinking fund method in the amount of \$440, and the estimated reasonable annual maintenance and operation cost, \$4204.

Among applicant's exhibits in this proceeding was a statement showing a book value of its properties in the amount of \$26000. There is included in this reported amount the sum of \$5000, which is an estimate by applicant of the value of the land held by it for water production purposes, a large part of which is allowance

for water rights over and above the market value of the land.

A study of the evidence leads to the conclusion that the estimates submitted by Mr. Van Hoesen are fair. The annual charges computed from these estimates are as follows:

Interest on \$24306 at 8%-----	\$1944.
Replacement fund-----	440.
Maintenance and Operation-----	<u>4204.</u>
Total-----	\$6588.

The records of the company show that the total operating revenue for 1919 was \$4624.30. It is therefore apparent that this utility is entitled to an increase in its rates.

However, it appears that the distribution system of Crystal Springs Water Company covers a large area which is very sparsely settled. Furthermore, its pipe lines in many instances parallel the lines of a competing company. These facts render the economic operation of the system very difficult. It would be unfair to applicant's present consumers to require them to pay rates sufficient to yield interest upon the entire cost of this overbuilt system. Furthermore, applicant has not taken steps to develop the water supply available in its water bearing lands in order to provide an adequate supply for its consumers.

In view of the inadequacy of the present available water supply, applicant should use its best endeavor to prevent waste or extravagant use of water by its consumers. It appears that much water has been wasted during the past year. This is largely due to the fact that approximately two-thirds of applicant's consumers receive service on a flat rate basis. The installation of meters and the delivery of water under a measured rate schedule would tend to conserve the available water supply. In view of this fact it appears advisable that applicant install meters on all services as soon as possible.

Applicant is confronted with a difficult situation with

relation to the possible annexation of the territory served by it to the City of Los Angeles. Some time since an election was held at which it was claimed that the inhabitants of this district voted for annexation. A contention as to the legality of this election arose, and the final determination of this matter is now pending before the Supreme Court of this state. Should it be held that this territory has been legally annexed to the City of Los Angeles, it would follow that Los Angeles would provide applicant's present consumers with water. In view of these peculiar circumstances, the Commission does not deem it fair at this time to burden applicant with the expense necessary to install such additions and betterments as would enable it to render adequate service under all conditions and at all times. However, it appears that enough water, if properly conserved, can be developed with the present equipment to serve applicant's consumers adequately until the end of the present rainy season, and in the meantime further investigation and study of the situation will develop facts upon which a comprehensive order with relation to service may be based. Such an order, if deemed necessary, will issue in the form of a supplemental order in the present proceeding.

The schedule of rates set out in the following order is designed to return to applicant all maintenance and operation expenses, the replacement fund set out in this opinion, and a certain amount as interest on investment.

#### O R D E R

Crystal Springs Water Company having applied to the Railroad Commission for authority to increase the rates for water served in and in the vicinity of Sawtelle, Los Angeles County, California, a public hearing having been held, and the Commission being fully ap-

prised in the premises:

IT IS HEREBY FOUND AS A FACT that the rates and charges of the Crystal Springs 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 charges;

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 Crystal Springs Water Company be, and it is hereby authorized and directed to file with the Railroad Commission of the State of California, within twenty (20) days of the date of this order, the following schedule of rates, the rates so filed to be charged for all water delivered to its consumers on and after January 1, 1921, and on that date to be and become effective and supersede any and all rate schedules theretofore in effect or on file by Crystal Springs Water Company:

MONTHLY METER RATES

For use from 0 to 1000 cu.ft.,	
per 100 cubic feet-----	\$ .25
From 1000 cu.ft. to 4000 cu.ft.,	
per 100 cubic feet-----	.20
All in excess of 4000 cu.ft.,	
per 100 cubic feet-----	.12

MONTHLY MINIMUM CHARGES

For 5/8-inch by 3/4-inch meters-----	1.00
For 3/4-inch meters-----	1.25
For 1-inch meters-----	1.50
For 1 1/2-inch meters-----	1.75
For 2-inch meters-----	2.00

MONTHLY FLAT RATES

1.- Residences, boarding houses, apart- ments, lodging houses, tenements, and flats of five rooms or less----	1.25
For each additional room-----	.25
Additional for each bath tub-----	.25
Additional for each toilet-----	.25
Additional for each private garage and one automobile-----	.25

MONTHLY FLAT RATES--CONT'D

	For each additional automobile-----	\$ .25
	Additional for private barn, with not more than two horses or cows-----	.50
	For each additional horse or cow-----	.20
2.	Sprinkling or irrigation of lawns, shrubbery, trees, gardens, etc., per square yard-----	.003
3.	Blacksmith shops, machine shops, lumber yards, printing offices, bakeries, undertaking parlors, grocery stores, theatres, warehouses, butcher shops, and large stores,-----	2.00
4.	Drug stores, dental offices and photograph galleries-----	3.50
5.	Bottling works, creameries, slaughter houses, and laundries-----	5.00
6.	Banks, professional offices, billiard parlors, fraternal halls, clubrooms, churches, shops, plumbing shops, stores and shops not otherwise listed--	1.50
7.	Office buildings, for each room-----	.50
8.	Restaurants, chophouses and cafes, per unit seating capacity-----	.15
9.	Livery stables and feed yards per aver- age number of stock fed, each-----	.25
10.	Barns in connection with stores, shops, etc., not more than two horses-----	.50
	For each additional horse-----	.20
11.	Garages, 6 automobiles or less,-----	3.00
	For each additional automobile-----	.50
12.	Soda fountains and ice cream stands, either alone or in connection with other business-----	2.50
13.	Barber shops, per chair-----	1.00
	Additional for each bath tub-----	1.00
	Additional for each toilet-----	.50
14.	Hotels:	
	Dining room-----	2.00
	Bedroom and running water-----	.25
	Each bath tub-----	.50
	Each toilet-----	.30
15.	Building work:	
	For mortar and to dampen brick, per 1,000 brick-----	.35
	For cement work, each barrel-----	.15

IT IS HEREBY FURTHER ORDERED that the Crystal Springs Water Company be and it is hereby directed to file with the Railroad Commission, within twenty (20) days from the date of this order, for its approval, rules and regulations governing the distribution of water to its consumers, said rules to become effective on and after January 1, 1921.

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 30<sup>th</sup> day of November, 1920.

Elmer O. Edgerton

H. B. Loveland

Frederic R. Dwyer

H. P. Brandt

Dwight Martin  
Commissioners.