

Decision No. 8587.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.  
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In the Matter of the Application of )  
PUENTE CITY WATER COMPANY, a corpor- )  
ation, for an order authorizing an )  
increase in rates. )

Application No. 5892.

ORIGINAL

Thomas C. Ridgway for applicant.

BY THE COMMISSION.

O P I N I O N

PUENTE CITY WATER COMPANY, applicant in the above entitled proceeding, is a public utility water company located at Puente, Los Angeles County, California, and engaged in the business of selling and distributing water for domestic and irrigating purposes to consumers in that vicinity.

In this proceeding applicant asks for authority to increase its rates for water, alleging in effect that the present rates do not produce a sufficient revenue to provide maintenance and operating expenses, replacement fund and a fair interest return on the investment.

The present rates of this utility were established by the Railroad Commission in its Decision No. 4520, in Application No. 2839, dated August 7, 1919, In the Matter of the Application of Puente City Water Company for an order authorizing an increase of rates (Vol. 13, p. 659, Opinions and Orders of the Railroad Commission of California), to which decision we hereby refer for the schedule of rates and other pertinent matter relating to the

history of this company and its early operations.

A hearing was held in the present proceeding before Examiner Westover at Puente, of which all interested parties were notified and given an opportunity to be present and be heard. Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report and appraisal of the system showing the estimated original cost of the used and useful properties of this utility to be \$23,383 and a replacement annuity computed by the six per cent sinking fund method of \$409.

Estimates of maintenance and operating expenses were submitted by both the applicant and the Commission's engineer. The figures for this item are not greatly at variance, and from the testimony presented it would appear that the sum of \$5,099 is a reasonable figure for this item.

The following is a summary of the elements going to make up the reasonable annual charges of this utility:

Interest on \$23,383 at 8%-----	\$1,871
Replacement Fund-----	409
Maintenance and Operating Expenses----	<u>5,099</u>
Total-----	<u>\$7,379</u>

The revenue produced by rates in 1919 was \$3,192.18. Obviously this sum is inadequate to meet the annual charges outlined above, but attention is directed to the fact that the system of this utility covers a large area of sparsely settled territory, requiring approximately 185 feet of main pipe line for each consumer served. There are some 170 consumers on the system at the present time, and to require this number to return in the form of rates a revenue equal to the annual charges in the above tabulation, would be to impose an undue burden and possible hardship.

However, the district served is developing, as is evidenced by the addition of some fifteen or twenty new consumers during the

past year. It is fair to assume that this development will continue and that in consequence the utility will receive increased revenue.

After careful consideration of all the facts relating to this matter, a rate schedule is established in the following order which is designed to yield a larger income to applicant and is fair to the consumers.

### O R D E R

PUEENTE CITY WATER COMPANY having made application to the Railroad Commission for authority to increase its rates, 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 now charged by Puente City Water Company for water delivered to its consumers are unjust and unreasonable, and the rates herein established are just and reasonable rates to be charged for such service.

And basing its order on the foregoing finding of fact and on the other statements of fact contained in the opinion which precedes this order;

IT IS HEREBY ORDERED, by the Railroad Commission of the State of California that Puente City Water Company be, and it is hereby authorized and directed to file with the Railroad Commission within twenty (20) days from the date of this order, the following schedule of rates, said rates to supersede any and all rate schedules of said company heretofore on file and be charged for all service rendered subsequent to February 1, 1921, on which date the following schedule shall be and become effective:

DOMESTIC METER RATES

400 cubic feet or less per month-----\$1.25  
From 400 to 1,000 cubic feet, per 100 cubic feet---- .25  
From 1,000 to 5,000 cubic feet, per 100 cubic feet--- .20  
All in excess of 5,000 cubic feet, per 100 cubic feet .15

FLAT RATES

(1) Monthly flat rate for residences, boarding  
houses, tenements and flats of five rooms  
or less with bath and toilet-----\$1.50  
For each additional room----- .25  
Additional for each private garage and one  
automobile----- .25  
For each additional automobile----- .25  
Additional for private barn, not more than  
two horses or cows----- .50  
For each additional horse or cow----- .20

(2) Sprinkling or irrigation of lawns, shrubbery,  
trees, garden, etc., per square yard----- .002

IRRIGATION RATES

Water served through high line, per hour for  
capacity of pump-----\$2.00  
Water served through low line, per hour for  
capacity of pump----- 1.25

Dated at San Francisco, California, this 26<sup>th</sup>  
day of January, 1921.

H. J. ...  
Frank ...  
H. B. ...  
Dwight ...  
Commissioners.