

Decision No. 8594.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.  
- - - - -

In the Matter of the Application of )  
PLACENTIA DOMESTIC WATER WORKS, for )  
an order authorizing an increase in )  
rates for metered domestic water )  
service. )

APPLICATION NO. 6053.

Arthur R. Kelley for applicant.

MARTIN, Commissioner.

O P I N I O N

Placentia Domestic Water Company is an unincorporated public utility engaged in the business of supplying water for domestic purposes in and in the vicinity of Placentia, Orange County. In this proceeding said company makes application for authority to increase its rates, alleging that the rates at present in effect do not produce a reasonable return on the investment. The present rates of this company were established by the Railroad Commission in its Decision No. 5555, in Application No. 3191, dated July 3, 1918, to which decision we also refer for the history of the company and other matters relating to its operation.

At the hearing in the present application, Mr. Arthur R. Kelley, applicant's engineer, submitted a report filed as Applicant's Exhibit No.1, which report shows the estimated total investment for rate fixing purposes to be \$28,651.89. This total includes a sum of

\$752.42 as working cash capital, equal to two months' operating expenses, and an item of \$449 for what is known as Well No.1, which well was abandoned in July, 1920.

A report and appraisal was also prepared and submitted by Mr. J. G. Hunter, one of the Commission's hydraulic engineers, which was filed as Commission's Exhibit No. 1. This appraisal estimates the value of the utility's physical properties to be \$27,343. In this estimate no sum was included for Well No. 1, or for working capital. It appears from the evidence submitted that \$400 would be a fair sum to allow for working capital, which makes the total investment \$27,743. These latter figures appear to be proper for rate fixing purposes.

A replacement annuity computed by the sinking fund method is \$665, and this amount is set out herein as an available fund to be used for the replacement of wornout properties. It appears that \$3,870 annually is a fair and reasonable maintenance and operation charge for the system in question.

Summarizing the above, the following items make up the sum which should annually be produced by rates:

Interest on \$27,743 at 8%-----	\$2,219
Replacement fund-----	665
Maintenance and Operation Expenses-----	<u>3,870</u>
Total-----	\$6,754

The estimated revenue for the year 1920 amounts to \$4,879.66. This is based on the actual revenues for the first ten months of the year, expanded through the two remaining months at prevailing rates. There has recently been a decided increase in water use by reason of increased population in the territory served, and it seems safe to assume that this utility's service will continue to show a material growth.

Taking into consideration all facts relating to the operation of Placentia Domestic Water Works, it appears that the utility is entitled to an increase in rates, and the schedule set out in the following order is designed to produce the annual charges indicated in the above schedule.

O R D E R

PLACENTIA DOMESTIC WATER WORKS having applied to this Commission for an order authorizing an increase in its rates for metered domestic service, a hearing having been held and the matter having been submitted;

IT IS HEREBY FOUND AS A FACT, that the rates heretofore in effect, 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 Placentia Domestic Water Works 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, said rates to be charged for all water delivered to consumers on and after February 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 Placentia Domestic Water Works:

MONTHLY METER RATES

Monthly Readiness-to- Serve Charge-----\$0.50

Monthly Quantity Rates:

For use from 0 to 1000 cubic feet, per 100 cubic feet---\$ .25  
For use from 1000 to 5000 cubic feet, per 100 cubic feet--- .20  
For use over 5000 cubic feet, per 100 cubic feet----- .15

Note:- The above quantity rates are in addition to the Readiness-  
to Serve Charge.

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 26<sup>th</sup>  
day of January, 1921.

H. D. Loveland

Frank R. Doherty

H. T. Boudreau

Lawrence Martin  
Commissioners.