

Decision No. 8748

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of)
ALBERT B. HOLSEN, owner of HOLSEN)
HEIGHTS WATER WORKS, for adjustment)
of water rates.)

Application No. 6208.

Albert B. Holsen in propria persona.

BY THE COMMISSION.

O P I N I O N

Albert B. Holsen as owner of Holsen Heights Water Works, makes application to the Railroad Commission in this proceeding for an adjustment of water rates. Holsen Heights Water Works is a public utility water system supplying water for domestic consumption to some twenty-five consumers in what is known as Holsen Heights Tract in the City of Los Angeles, service being rendered at the flat rate of 75 cents per month. It is alleged, in effect, that this rate is inadequate under present operating conditions, and does not yield an income sufficient to cover maintenance and operation expenses, provide for a replacement fund and a fair return on the investment. •

A public hearing was held before Examiner Westover in Los Angeles, of which hearing all of applicant's consumers were notified and given an opportunity to appear and be heard. However, the consumers were not present nor were they represented at the

hearing.

Holsen Heights Water Works was installed in 1910 as a part of a real estate development project which was promoted by Mr. Holsen. Water is pumped from a 150 foot well into a 15,000 gallon tank elevated about 30 feet above the ground, from which it is delivered to its point of use through a two-inch main.

Mr. F. E. Van Hoesen, one of the Commission's hydraulic engineers, made a field investigation and submitted a report and appraisal of the system showing the estimated original cost of the used and useful properties to be \$3,112. A replacement fund of \$38 was allowed, computed by the sinking fund method. This amount, set aside annually, is designed to provide a fund for the replacement of worn out properties. The reasonable annual maintenance and operation expense of the system was estimated by the Commission's engineer to be the sum of \$486. No other estimates were submitted, and as the figures at hand appear to be reasonable they will be used for the purposes of this proceeding.

A summary of the elements going to make up the annual charges which should be produced by rates under normal conditions is shown by the following:

Return on \$3,118 at 8%.....	\$249
Replacement Fund.....	38
Maintenance and Operation Expense.....	<u>486</u>
Total.....	\$773

The records of applicant show that the gross operating revenue of the system for 1920 was approximately \$200, and it is apparent that it would not be equitable to require the present consumers to return to applicant in the form of rates the annual charges set out above.

Our investigation develops the fact that there is a very

large investment in this system in proportion to the number of consumers served, and that the present equipment could supply many more consumers without any considerable increase in operating expenses. When this tract develops to the extent for which the system was designed, the utility will be able to realize a more commensurate income.

We find, however, that the present flat rate of 75 cents is less than the present service is reasonably worth to the consumers. The rates authorized in the order are reasonable for the service rendered and designed to return to applicant an increased revenue, which will more nearly earn the cost of maintenance and operation.

O R D E R

Albert B. Holsen, owner of Holsen Heights Water Works, having applied to the Railroad Commission for authority to increase rates for water served in the territory of Holsen Heights Tract in the city of Los Angeles, 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 heretofore charged by applicant, in so far 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 for the service rendered.

Basing its order on the foregoing findings of fact and on the further 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 Albert B. Holsen, owner of Holsen Heights Water Works, be, and he is hereby, authorized and directed to file

with the Railroad Commission 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 April 1, 1921, and supersede any and all rate schedules theretofore in effect:

MONTHLY FLAT RATES

Residences, boarding houses, apartments, lodging houses, tenements and flats of five rooms or less, with toilet and bath,.....	\$1.50
For each additional room, toilet or bath,.....	.25
For each automobile,.....	.25
For irrigation of lawns, trees, shrubbery or garden, per square yard,.....	.002

IT IS HEREBY FURTHER ORDERED, that Albert B. Holsen be and he is hereby directed to file with the Railroad Commission for its approval, rules and regulations governing the distribution of water to his consumers, said rules and regulations to be filed with the Commission within thirty (30) days of the date of this order, and become effective within five (5) days of the date of their approval.

Dated at San Francisco, California, this 15th day of March, 1921.

Stanley D. ...
H. ...
Dwight ...

Commissioners.