

Decision No. 8903

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application )  
of SAWTELLE WATER COMPANY, a cor- )  
poration, for authority to change )  
~~and increase its rates for water~~ )  
service. )

Application No. 6344.

E. J. Goudge for applicant.

Geo. H. Eutton for Sawtelle Chamber  
of Commerce.

MARTIN, Commissioner.

O P I N I O N

Sawtelle Water Company, applicant herein, is a public utility water company engaged in the business of furnishing water for domestic purposes in the City of Sawtelle, Los Angeles County, California.

Applicant alleges that it is operating at a loss; that the expenses of operating the system cannot be reduced; that an increase in rates is necessary in order that the company may receive a proper return upon its capital invested; wherefore applicant submits a suggested schedule of rates and asks that the same, or such other rates as the Commission deems fair and reasonable, be established.

A public hearing was held in the present proceeding at Santa Monica, of which all of applicant's consumers were duly notified and given an opportunity to appear and be heard.

Applicant presented an appraisal showing a reproduction cost

of \$93,156.90, but waived any claim for rate fixing based upon this valuation, and accepted the findings of the Commission's engineers as a rate base.

Mr. D. E. Harroun, one of the Commission's engineers, presented a report covering the results of a field investigation, an appraisal of the property and a study of the cost of maintenance and operation. His appraisal shows an estimated original cost of the system of \$57,984 and \$1,116 as a proper replacement annuity computed by the 6 per cent sinking fund method. This report also recommends the sum of \$14,129 as a fair and reasonable estimate of the future annual cost of maintaining and operating this system. These estimates were not questioned at the hearing or subsequently and appear fair.

The following is a summary of the annual charges as indicated above:

Return on \$57,984 at 8% . . . . .	\$ 4,639
Replacement annuity . . . . .	1,116
Maintenance and operation cost. . . . .	<u>14,129</u>
Total estimated annual charges. . . . .	\$19,884

The total revenue from this system for the year 1920 was \$12,055, and averaged \$11,182 for the three preceding years. It does not appear that there is reason to expect any notable increase in business in the near future. It would appear therefore that authority to increase the rates should be granted.

This utility owns no water storage facilities, but an agreement is in force between the City of Santa Monica and the Sawtelle Water Company under which the Sawtelle Water Company is given the right to utilize the Olivette reservoir, property of the Santa Monica Water Company, for storage. Water delivered by the applicant to this reservoir is measured, and water returned to it from Santa Monica Water Company is also measured.

The Santa Monica Water Company is in a position to dispose

of a limited amount of water, which is purchased by the Sawtelle Water Company at 7.5 cents per 100 cubic feet, which price undoubtedly returns a profit to the Santa Monica Water Company. The cost to the Sawtelle Water Company of pumping water from its own wells for the year 1920, was 8.44 cents per 100 cubic feet.

During the year 1920, 8,209,028 cubic feet of pumped water, or 75% of applicant's supply, and 2,748,700 cubic feet of purchased water, or 25% of its supply, was delivered into the distribution system, and 5,744,330 cubic feet of water was delivered to consumers. This represents a loss of 5,213,400 cubic feet, or 47½%, for all of which the consumer should not be required to pay. An investigation, the object of which is to locate and obviate this loss, is now in progress.

The air-lift method of raising water from the wells is used in this system. Raising water by this method is inefficient and expensive in this case, as compared with positive displacement, or turbine pumps.

At the hearing a number of consumers were present and considerable evidence was presented, purporting to show that the utility had not furnished adequate service to all its consumers during the summer months of the years 1919 and 1920. This utility has submitted a program to the Commission for the increase of its water supply and the betterment of service. The execution of this program is now being carried out by the utility, and should obviate a shortage of water for the summer months of 1921.

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 majority of the inhabitants of this district voted for annexation. A contention as to the legality of this election arose, and the final determination of the mat-

ter 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 the City of Los Angeles would ultimately provide applicant's present consumers with water. In view of these peculiar circumstances, it does not appear to be 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 with the additions and betterments now being installed, applicant's consumers should be adequately served, although at a greater cost to the utility than appears to be necessary.

The inefficiency of this utility's pumping system is shown by the fact that in the year 1920, one fourth of the water put into its distribution system was purchased water, at a less cost per cubic foot than it cost the applicant to pump water from its own wells. With the installation of a properly equipped pumping plant, operating expenses should be reduced.

Rates based on the estimated annual charges of \$19,884, as shown above, would appear to be greater than the service is reasonably worth, and would be a burden on the consumer. In view of the inefficiencies of operation of this applicant as indicated above, the rates herein established are deemed fair and reasonable rates for the service rendered, and I submit the following form of order:

#### O R D E R

Sawtelle Water Company having applied to the Railroad Commission for authority to increase the rates for water service by it in the City of Sawtelle, Los Angeles County, California, a public hearing having been held, and the matter having been submitted,

It is Hereby Found as a Fact that the rates and charges of

the Sawtelle Water Company, in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates and charges herein established are just and proper rates to be charged for the service rendered;

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 by the Railroad Commission of the State of California that Sawtelle Water Company be and it is hereby authorized to file with this Commission within twenty (20) days of the date of this order the following rates for water:

FLAT RATES

- |   |                  |   |   |
|---|------------------|---|---|
| 1. For tenements occupied by a single family of not more than four persons . . . . .  | \$1.00 per month |   |   |
| 2. For tenements occupied by a single family of more than four persons, for each additional person . . . . .  | .10              | " | " |
| 3. For hotels, taverns and boarding houses, for each boarder, in addition to the family rate . . . . .  | .25              | " | " |
| 4. For lodging houses, in addition to the family rate, for each lodger, . . . . .   | .20              | " | " |
| 5. For business blocks, for each office in addition to the base rate of \$1.00 . . . . .  | .50              | " | " |
| 6. For public bath tubs, each tub . . . . .   | 1.00             | " | " |
| 7. For water closets in private residences and bath tubs . . . . .  | .25              | " | " |
| 8. For each public water closet . . . . .   | 1.00             | " | " |
| 9. For each barber shop, two chairs or less, For each additional chair . . . . .  | .50<br>.25       | " | " |
| 10. For bakery, in addition to the family rate, for each barrel of flour consumed, 5 cents, but in no case shall the rate for bakeries be less than . . . . . | 2.00             | " | " |
| 11. For boarding schools, in addition to the family rate, each pupil . . . . .  | .05              | " | " |
| 12. For each school, each pupil estimated on the average of attendance . . . . .  | .01              | " | " |

13. For each soda fountain. . . . .	\$0.75	per month	
14. For building purposes:			
(a) For each 100 yards of plaster . . . . .	.40		
(b) For cement walks, for each 100 sq.ft. . . . .	.20		
(c) For cement curbs, each 100 lineal feet . . . . .	.40		
(d) For each 1000 brick laid, including wetting of brick and slacking of line . . . . .	.15		
15. For water used for the protection of the City and the inhabitants thereof, from fire, for each fire hydrant connected with a four-inch main or over . . . . .	.25	per month	
16. For stores, warehouses, butcher shops, halls, photograph galleries, printing offices, markets, book binderies, black- smith shops, each . . . . .	1.00	"	"
17. For restaurants and eating houses, from 1.00 to 2.00 . . . . .		"	"
18. For sprinkling grounds, gardens, parks or squares, for 50 feet frontage and 150 feet or less in depth . . . . .	.25	"	"
19. For private horses, including water for washing carriages, for each horse . . . . .	.25	"	"
20. For stables for omnibus, stage, stable, truck, cart and saddle horses, for 10 horses or less . . . . .	1.50	"	"
For each additional horse over 10 . . . . .	.15	"	"
Such payments will include water for washing vehicles.			
21. For each watering trough in public street . . . . .	2.00	"	"
22. For each cow. . . . .	.15	"	"
23. For washing or sprinkling of streets, for each cart used . . . . .	.50	"	day

METER RATES

For use from 0 to 1000 cubic feet, per 100 cu.ft.	\$0.25	per month
From 1000 to 4000 cubic feet, per 100 cubic feet.	.20	" "
All in excess of 4000 cubic feet, per 100 cu.ft.	.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

IT IS HEREBY FURTHER ORDERED that the above established rates shall apply to all service rendered on and after May 1, 1921.

IT IS HEREBY FURTHER ORDERED that Sawtelle Water Company file with this Commission for its approval, within thirty (30) days from the date of this order rules and regulations to govern its relation with its consumers.

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 29<sup>th</sup> day of April, 1921.

Stanley R. Dolan

H. B. Loveland

Irving Masten

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Commissioners.