

Decision No. 8940

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application)
of H. N. SIEGFRIED as receiver of)
Imperial Utilities Corporation for)
authority to increase rates.)

Application No. 6033.

L. M. Chapman and Ward Chapman
for applicant.
Thos. Berkabile for City of
Monterey Park.

BY THE COMMISSION.

O P I N I O N

Imperial Utilities Corporation, a public utility water concern of which H. N. Siegfried is receiver and manager, produces and distributes water for domestic purposes in and in the vicinity of Monterey Park, Los Angeles County.

H. N. Siegfried, as receiver, filed an application for an order authorizing a surcharge to become effective August 1, 1920, to continue in effect pending a hearing upon the application and a proper order of this Commission, alleging that because of the increased costs of labor and materials the rates then in effect were noncompensatory and insufficient to produce a return that would enable applicant to meet the increase costs.

It appearing to the Commission that an emergency existed which justified the increased expenditures, the Commission issued its

Decision No. 7985, granting a temporary emergency surcharge of twenty-five per cent (25%) to apply on the total of all bills rendered subsequent to August 24, 1920, on condition that applicant keep a correct record of income during the period in which the surcharge is in effect, and that any surplus revenue produced by the surcharge over and above what would be yielded by rates as finally established by the Commission should be held subject to return to the consumers.

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

The system was purchased by the Imperial Utilities Corporation from the Interurban Water Company by authority of this Commission granted in Decision No. 5874, dated October 28, 1918. (Vol. 16, page 181 of Opinions and Orders of the Railroad Commission of the State of California). Upon default in the payment of interest upon certain bonded indebtedness the Imperial Utilities Corporation was placed in the hands of a receiver on December 2, 1919, and is still in the hands of a receiver.

Water is obtained from two wells provided with standard electrically driven pumps. Booster pumps then force the water through the mains to its point of use and the surplus into two large storage reservoirs. The water is distributed through 27 miles of mains, varying from 2-inch to 14-inch in diameter, to approximately 1300 consumers.

F. H. Van Hoesen, one of the Commission's assistant hydraulic engineers, submitted a report and appraisal of applicant's properties, showing the estimated cost of the system to be \$155,034; a replacement annuity, computed by the sinking fund method, of \$3,117., and an estimated reasonable maintenance and operating cost of \$17,740 per annum.

F. G. Dessery submitted an appraisal of the property for applicant, showing the reproduction cost as of August, 1920, as \$193,056. In his testimony Mr. Dessery estimated the original cost to be between \$165,000 and \$145,000. The Commission's engineer's estimate of original cost was accepted by applicant as being reasonable.

Mr. H. N. Siegfried, receiver, submitted for applicant an estimate of the operating cost for 1921 of \$21,092. The difference in the estimates of operating expenditures submitted by Mr. Siegfried and the Commission's engineers is in the estimates of future costs of power and of labor. From a study of the estimates submitted it appears that the estimate of the applicant is not warranted and the sum of \$17,740 is considered reasonable.

The annual charges computed from the above estimates are as follows:

Return on \$155,034 at 8%	\$12,403
Replacement annuity	5,117
Maintenance and operating expense.....	17,740
	<u>\$35,260</u>

The records of the company show that the total operating revenue for 1920 was \$22,669.59 exclusive of \$2,473.02 which was collected from the above referred to surcharge of 25%. The revenues for 1919 amounted to \$19,024. These revenues indicate that no surplus would accumulate from the surcharge as authorized by the Commission.

It is apparent that this utility is entitled to an increase in rates, and the schedule of rates established in the following order is designed to produce the above annual charges.

O R D E R

H. N. Siegfried, as receiver of the Imperial Utilities Corporation, having applied to the Railroad Commission for authority to increase the rates for water served by that utility in and in the

vicinity of Monterey Park, Los Angeles County, California, a public hearing having been held and the matter being submitted,

IT IS HEREBY FOUND AS A FACT that the rates and charges of the Imperial Utilities Corporation in so far 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 by the Railroad Commission of the State of California that E. M. Siegfried, as receiver of the Imperial Utilities Corporation, be and he is hereby authorized and directed to file with this Commission within twenty (20) days of the date of this order the following schedule of rates to be charged by the Imperial Utilities Corporation for service to consumers of water on its Monterey Park system, said schedule of rates to apply to all service rendered subsequent to May 31, 1921, superseding all rate schedules theretofore in effect:

METER RATES

Monthly Minimum Charges:

For 5/8 inch meter	\$1.25
For 3/4 inch meter	1.50
For 1 inch meter	2.00
For 1 1/2 inch meter	2.75
For 2 inch meter	3.50
For 3 inch meter or larger	5.00

Monthly Meter Charges:

From 0 to 500 cubic feet per 100 cubic feet. . .	\$.25
From 500 to 1000 cubic feet per 100 cubic feet .	.20
From 1000 to 5000 cubic feet per 100 cubic feet.	.15
All in excess of 5000 cu.ft. per 100 cubic feet.	.10

MONTHLY FLAT RATES

Tenement building, lodging house or residence of five rooms or less with toilet and bath	\$ 1.50
Each additional room25
Each additional toilet or bath25
Additional for each private garage and one automobile25
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
Sprinkling or irrigation of lawns, shrubbery, trees, gardens, etc., per sq.yd. actually irrigated	.002

IT IS HEREBY FURTHER ORDERED that H. N. Seigfried, receiver of the Imperial Utilities Corporation, be and he is hereby directed to file with the Railroad Commission for its approval within thirty (30) days from the date of this order rules and regulations governing the distribution of water to its consumers on its Monterey Park System, said rules to become effective within five (5) days of the date of their acceptance for filing by this Commission.

Dated at San Francisco, California, this 6th day of May, 1921.

H. D. Loveland
H. B. Bunting
Dr. J. M. ...
J. O. ...

Commissioners.