

Decision No. 1773

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
J. I. WAGY doing business under the)
firm name and style of WEST SIDE)
WATER COMPANY, for an increase of)
minimum rate for water used.)

Application No. 6046.

ORIGINAL

L. R. Godward for Applicant.

BY THE COMMISSION.

O P I N I O N

J. I. WAGY, applicant in the above entitled matter, and operating under the firm name and style of West Side Water Company, is engaged in the business of supplying water for domestic and commercial purposes to consumers in and in the vicinity of Maricopa, Kern County.

This proceeding grows out of a matter which was brought before the Commission informally, wherein West Side Water Company presented an agreement signed by consumers indicating their voluntary consent to an increase in minimum charge for water from \$1.00 for 8 barrels or less to a charge of \$2.00 for 16 barrels or less per month. On July 16, 1920, the Commission authorized the temporary establishment of the increased minimum, with the understanding that an application would immediately be filed with the Commission for the formal establishment of the rate. The temporary rate was put into effect by applicant on August 1, 1920.

The present application is for authority to establish and

make permanent the temporary minimum monthly rate which was informally authorized, it being alleged in effect that due to the increased costs of labor and material the revenue derived from the former rates is not sufficient to yield operating expenses, replacement fund and a reasonable return on the investment.

A public hearing in this matter was held before Examiner Westover in Maricopa, of which all interested parties were notified and given an opportunity to be present and be heard.

Applicant's entire water supply is purchased at a contracted rate of ten cents per barrel from the Wagy Ranch Water Company, which obtains its water from several springs located in what is known as Ballinger Canyon, in Ventura County, and delivers the water by gravity through approximately eighteen and one-half miles of pipe line to the storage tanks of the applicant in Maricopa. The Wagy Ranch Water Company which serves water to but one consumer, the applicant herein, is a corporation which is owned and managed by J. I. Wagy.

The water system of the applicant consists of three galvanized iron storage tanks of a total capacity of 4500 barrels from which the water is distributed by gravity through about 8200 feet of six-inch and four-inch steel mains used for fire purposes, and approximately 12,200 feet of iron pipe, varying from two inches to one-half inch in diameter used for the domestic supply. On December 1, 1920, there were 541 active services all of which were metered.

No appraisal of the value of the water utility property of this company or estimate of future operating expenses was submitted in behalf of applicant other than a statement by J. I. Wagy that he considered that the original cost of the plant was slightly over \$27,000. The report of M. R. MacKall, one of the Commission's hydraulic engineers, shows an appraisement of this plant, based upon the available records of actual original cost, of \$22,304. An annual

replacement fund of \$608, computed by the sinking fund method, is shown, and a reasonable annual allowance for maintenance and operation expense is estimated at \$20,992. In this latter figure \$15,887 is included as the cost of water which is purchased to supply the system at the present contract rate of ten cents per barrel. From a careful analysis of the evidence it appears that the estimates submitted by the Commission's engineer are fair and reasonable and may properly be included in the company's annual charges.

The total annual charges based on the foregoing estimates are \$23,584. The revenues for 1920 (the month of December being estimated) total \$21,399. This sum includes five months' revenue derived from the temporary increased minimum charge agreed upon by consumers and authorized by the Commission. Taking these figures as a basis, it appears that the additional income produced by the increased minimum charge which was temporarily authorized will not produce a revenue greater than the sum necessary to meet the estimated annual charges.

O R D E R

Application having been made to the Railroad Commission as entitled above, a public hearing having been held and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the minimum charge temporarily established on July 16, 1920, for the service of water to consumers of West Side Water Company is a just and reasonable charge for the service rendered.

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

IT IS HEREBY ORDERED that J. I. Waggy do and he is hereby

authorized to file with the Commission as the monthly minimum charge for service rendered by the West Side Water Company, the following:

Monthly minimum meter rate, entitling
consumer to 16 barrels of water or
less per month.....\$2.00

said rate being the temporary rate authorized by this Commission which became effective August 1, 1920.

IT IS HEREBY FURTHER ORDERED that except as modified or changed herein the rates heretofore filed with this Commission shall remain in full force and effect.

IT IS HEREBY FURTHER ORDERED that West Side Water Company be and it is hereby directed to file with the Railroad Commission within thirty (30) days from the date of this order, rules and regulations governing the service of water to its consumers, said rules and regulations to be put into effect upon their approval by the Railroad Commission.

Dated at San Francisco, California, this 14th
day of May, 1921.

H. D. Loveland

H. D. Loveland

Dwight Martin

W. O. Benedict

Commissioners