

Decision No. 9007

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

In the matter of the application of )  
THE CITY WATER COMPANY OF BANNING. )  
for an order of the Railroad Commis- )  
sion authorizing applicant to in- )  
crease its rates and charges for )  
domestic water. )

Application No. 6154.

F. L. Miller, for applicant

MARTIN, Commissioner.

O P I N I O N

The City Water Company of Banning, a public utility water company, engaged in the business of distributing water for domestic purposes in Banning, Riverside County, asks for authority to increase the rates charged its consumers.

Applicant alleges that the present rates charged for water are inadequate and do not yield the necessary revenue to which it is legally entitled.

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

This utility has neither water production plant nor storage facilities. Its water supply is obtained from the Banning Water Company, a mutual company, furnishing water in the immediate vicinity of the City of Banning. The applicant is the owner of 120 shares of stock of the Banning Water Company, which entitles this utility to forty minor's inches, continuous flow, of water. The water is distributed through 30956 feet of pipe to 450 consumers.

Applicant did not present an appraisal of its property.

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, including water stock, of \$32,049 and a proper replacement annuity of \$513, computed by the sinking fund method. This report also recommends the sum of \$5,459 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 \$32,049 at 8%.....	\$2,564
Replacement annuity.....	513
Maintenance and operation cost.....	<u>5,459</u>
Total estimated annual charges.....	\$8,536

The total revenue from this system for the year 1920 was \$6,150.92, and averaged \$5,326 for the five preceding years. It does not appear that there is reason to expect any notable increase in business in the near future. It is apparent, therefore, that authority to increase the rates should be granted, and the schedule of rates established in the following order is designed to produce annually a sum sufficient to meet operating expenses, replacement annuity, and to yield to applicant a fair return on its investment.

I submit the following form of order:

#### O R D E R

The City Water Company of Banning having applied to the Railroad Commission for authority to increase the rates charged by it for water service in the City of Banning, Riverside 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 City Water Company of Banning, 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 reasonable rates.

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 The City Water Company of Banning be and it is hereby authorized to file with this Commission within twenty (20) days of the date of this order the following rates, said rates to be charged for all service rendered subsequent to June 15, 1921:

From 0 to 500 cubic feet per month . . . . .	\$.1.00
From 500 to 1400 cubic feet per month. . . . .	\$0.15 per 100 cu.ft.
Over 1400 cubic feet per month . . . . .	.0.07 per 100 cu.ft.

Ice companies or other companies or individuals using water for cooling coils where water is returned to the applicant's mains, per month, . . . . . \$2.00

IT IS HEREBY FURTHER ORDERED, that The City Water Company of Banning file with this Commission for its approval, within thirty (30) days from the date of this order, rules and regulations to govern its relations 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 26<sup>th</sup> day of May, 1921.

*H. P. ...*  
*H. ...*  
*... Martin*  
*... ...*  
Commissioners.