

Decision No. 9435.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application )  
of P. T. DURPHY (Sherman Water )  
Company) for authority to in- )  
crease rates. )

Application No. 5555.

Martin M. Levering, for Applicant.

LOVELAND, Commissioner.

O P I N I O N

P. T. Durphy, applicant in the above entitled proceeding, owns and operates a public utility water system supplying water for domestic and commercial purposes to the inhabitants of Sherman, Los Angeles County. The application alleges in effect that, because of increased costs of maintenance and operation, the system is now being operated at a loss under the existing schedule of rates. The Commission is therefore asked to establish a schedule of rates which will produce a reasonable return to applicant.

A public hearing in this matter was held in Los Angeles before Commissioner Loveland. All interested parties were given an opportunity to be present and be heard.

This utility obtains its water supply from several small tunnels in Franklin Canyon and from two wells located in the town of Sherman. The water from Franklin Canyon flows by gravity into a concrete reservoir of about 600,000 gallons capacity. This water is transmitted by gravity to the town of Sherman where there is

another concrete reservoir of 540,000 gallons capacity, which stores the water from both Franklin Canyon and the wells. These wells are operated by air lift and discharge into the smaller reservoir. A booster pump is so arranged that the water from this reservoir may be pumped to the Franklin Canyon reservoir for additional storage when conditions warrant. The system has approximately three and one half miles of transmission main and four miles of distribution mains.

The rates at present in effect were established about 1907 and are as follows:

MONTHLY FLAT RATE . . . . . \$1.25

MONTHLY METER RATES:

Domestic:

5/4" meter, 800 cubic feet or less, per month . . . . .	\$1.25
All over 800 cubic feet, per 100 cubic feet. . . . .	.075
For meters over 5/4", 800 cubic feet or less, per month . . . . .	1.50
All over 800 cubic feet, per 100 cubic feet. . . . .	.075

For purposes other than domestic use:

In quantities over 5,000 cubic feet per month, per 100 cubic feet . . . . .	\$0.075
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There are three hundred and fifty-two consumers, of whom two hundred and fifty-one are metered, and one hundred and one are served on a flat basis.

Mr. M. R. MacKall, one of the Commission's Hydraulic Engineers, made a field investigation of this system and submitted a report and appraisal showing the estimated original cost of the properties, exclusive of real estate, to be \$34,095, and an annual replacement fund, computed by the sinking fund method, in the amount of \$509. A. J. Salisbury, a consulting engineer, testifying on behalf of applicant, stated that he estimated the reproduction cost new of this system, excluding real estate, to be

\$60,500 and the present value about \$30,200. No estimate of the original cost of the properties was submitted by applicant other than the amount stated in the application, which is \$64,641. A careful analysis indicates that the amount of \$69,095, including the lands necessary and useful to the system, is a fair and reasonable rate base. The amount of \$4,910 was estimated by Mr. MacCall to be a reasonable allowance for the annual maintenance and operation expense, exclusive of taxes. The operating expenses, submitted by the applicant, included certain capital charges. A careful consideration of the evidence leads to the conclusion that the amount of \$5,277, including taxes, is a fair estimate of the reasonable and proper maintenance and operation expenses for the immediate future.

Following is a summary of the foregoing items which go to make up the annual charges of this utility:

Return on \$69,095 at 8% . . . . .	\$3,128
Replacement Amenity. . . . .	509
Maintenance and Operation Cost . . . . .	<u>5,277</u>
Total Estimated Annual Charges. . . . .	\$8,914

The revenues for 1920 were \$5,914. It is therefore evident that the applicant is entitled to an increase in rates. The present rates place an unfair burden upon the small user, which the schedule established in the accompanying order is designed to eliminate.

I recommend the following form of order:

ORDER

P. T. Durphy having made application to the Railroad Commission as entitled above, a public hearing having been held and the matter having been submitted,

It is hereby found as a fact that the rates now charged by

P. T. Durphy for water supplied to his consumers are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

And basing its order upon the foregoing finding of fact and upon the 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 P. T. Durphy be and he is hereby authorized and directed to file with the Railroad Commission within twenty (20) days from the date of this order, the following schedule of rates for water delivered to his consumers in Sherman on and after October 1, 1921, said schedule to become effective as of that date and supersede any and all rate schedules for said service heretofore on file or in effect:

MONTHLY FLAT RATE. . . . . \$1.25

MONTHLY METER RATE

SERVICE CHARGE FOR EACH METER IN USE

5/8 Inch and 3/4 Inch Meters. . . . .	\$0.50
1 Inch Meter. . . . .	.75
1 1/2 Inch Meter. . . . .	1.00
2 Inch Meter. . . . .	1.25
3 Inch Meter. . . . .	1.50
4 Inch Meter. . . . .	2.50

UNIT PRICE FOR WATER USED

0 to 400 cubic feet, per 100 cubic feet .	\$0.20
400 to 10,000 cubic feet, per 100 cubic ft. .	.15
Over 10,000 " " " 100 " "	.12

IT IS HEREBY FURTHER ORDERED that P. T. Durphy be and he is hereby directed to file with the Railroad Commission within thirty (30) days from the date of this order, rules and regulations governing service to his consumers, said rules and regulations to be-

come effective as corrected and amended upon their acceptance for filing by the Commission.

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 30th day of August, 1921.

H. P. Bunnell  
H. P. Bunnell  
Quincy W. W. W.  
J. P. Bunnell  
Commissioners.