

Decision No. 9513

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application)
of MOUNTAIN WATER COMPANY for)
authority to increase its rate)
schedule.)

Application No. 6324.

In the Matter of the Application)
of MOUNTAIN WATER COMPANY for)
authority to amend its rules and)
regulations.)

Application No. 6325.

F. H. Post, for applicant.

James H. Howard, by Roscoe R. Hess,
for City of Pasadena.

BRUNDIGE, Commissioner.

O P I N I O N

By stipulation the above proceedings were combined for hearing and decision.

Mountain Water Company, applicant herein, is a public utility water company furnishing water to consumers in and in the vicinity of Lamanda Park, Los Angeles County.

Applicant asks for authority to increase its rates for water service, alleging in effect that the income received from the present schedule of rates is not sufficient to pay labor or buy material for the successful prosecution of its duties as a public

utility.

A public hearing was held in these matters at Los Angeles, of which hearing all of applicant's consumers were notified and given an opportunity to appeal and be heard.

This utility has no pumping plant. Its water supply is obtained from a collecting tunnel at the mouth of Eaton Canyon and from the Pasadena Consolidated Water Company. A portion of the supply obtained from the Pasadena Consolidated Water Company is purchased, and the balance is obtained through ownership of stock in the Precipice Canyon Water Company, the Pasadena Consolidated Water Company acting as carrier. The water is transmitted by gravity some three miles to its points of use.

Of the two hundred consumers of this system, only forty-five are served through meters, the balance being served at flat rates. Study of the water used shows that the per capita consumption is approximately 674 gallons daily. This is a high and extravagant water consumption, and illustrates the effect of flat rates. A utility, in obtaining its water supply, is usually compelled to expend funds in proportion to the quantity of water obtained, as in the present instance. However, in serving at flat rates, it disposes of its supply by a schedule of rates which yield return only roughly proportionate to the amount of water served. This Commission has long been of the opinion that a measured service is the only proper one. By this means the charges are equitably distributed among the consumers, extravagance in use is reduced to a minimum, and water is conserved for those who are in need of it, obviating many complaints of inability to obtain service. It is to be hoped that this utility will soon find itself financially able to install meters throughout its system, that it and its consumers may receive the benefits which result from measured service.

Applicant is confronted with a difficult situation with

relation to the possible annexation of a large portion of the territory served by it to the city of Pasadena, in which event the city may at any time take over service to applicant's consumers in the territory annexed.

There was submitted with the application an appraisal of properties, showing an estimated original cost of \$39,336.55. Testimony shows that this cost was not based on actual figures, and that it included much non-operative property.

Mr. F. H. Van Hoesen, one of the Commission's engineers, after a field investigation, submitted a report including an appraisal and valuation of the used and useful properties of this utility, and a study of the cost of maintenance and operation. His appraisal shows the estimated original cost of the system, including stock in the Precipice Canyon Water Co., to be \$27,837, and a replacement annuity of \$283, computed by the 6% sinking fund method. A fair and reasonable maintenance and operating expense for 1921 was estimated at \$5,245. After a careful consideration of the evidence submitted, I am of the opinion that the estimates of the Commission's engineer are fair and reasonable, and they will be used for the purposes of this proceeding.

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

Return on \$27,837 at 8%.....	\$2,227
Replacement annuity.....	283
Maintenance and Operating Expense....	5,245
Total.....	\$7,755

The total revenue received from this system for the year 1920 was \$4,931.23, and there is no indication that any substantial increase in business can be expected during the coming year. It is therefore apparent that authority to increase the rates should be granted, and the schedule of rates established in the following order

is designed to produce a sum sufficient to cover the cost of maintenance and operating expense, replacement annuity, and a reasonable return on the investment.

The Railroad Commission in its General Orders Nos. 15 and 45 requires all public utilities to file for its approval their rules and regulations. This eliminates the necessity of a formal order in the above entitled proceeding of Application No. 6325.

I submit the following form of order:

O R D E R

Mountain Water Company having applied to the Railroad Commission for authority to increase the rates for water served in and in the vicinity of Lemanda Park, Los Angeles County, 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 Mountain Water Company, insofar as they differ from the rates herein established, are unjust 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 that Mountain Water Company be and it is hereby authorized and directed to file with the Railroad Commission of the State of California within twenty (20) days of the date of this order, the following schedule of rates, the rates so filed to be charged for all water delivered to its consumers on and after October 1, 1921, and on that date to be and become effective and supersede any and all rate schedules heretofore in effect or on file by the Mountain Water Company:

MONTHLY METER RATES

For use from 0 to 1000 cubic feet, per 100 cubic feet.....	\$0.30
From 1000 to 5000 cubic feet, per 100 cubic feet.....	.25
All in excess of 5000 cubic feet, per 100 cubic feet.....	.15

MONTHLY MINIMUM CHARGES

For 5/8-inch by 3/4-inch meter.....	\$1.20
For 3/4-inch meter.....	1.50
For 1 -inch meter.....	1.80
For 1 1/2 -inch meter.....	2.10
For 2 -inch meter.....	2.40
For 3 -inch meter.....	3.00

MONTHLY FLAT RATES

1. Residences, boarding houses, apartments, lodging houses, tenements and flats of five rooms or less..... 1.50
For each additional room..... .25
For each bath-tub..... .25
For each toilet..... .25
Additional for each private garage and one automobile, .25
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
2. Sprinkling or irrigation of lawns, shrubbery, trees, garden, etc., per square yard..... .002
3. Blacksmith shop, machine shop, lumber yards, printing offices, bakeries, undertaking parlors, grocery stores, theatres, warehouses, butcher shops and large stores..... 2.00
4. Drug stores, dental offices and photograph galleries..... 3.50
5. Bottling works, creameries, slaughter houses and laundries..... 5.00
6. Banks, professional offices, billiard parlors, fraternal halls, club rooms, churches, plumbing shops, stores and shops not otherwise listed..... 1.50
7. Office buildings, for each room..... .50
8. Restaurants, chop houses and cafes, per unit seating capacity..... .15
9. Livery stables and feed yards, per average number of stock fed, each..... .25
10. Barns in connection with stores, shops, etc., not more than two horses..... .50
For each additional horse..... .20
11. Garages, six automobiles or less..... 3.00
For each additional automobile..... .50
12. Soda fountains and ice cream stands, either alone or in

connection with other business.....	\$2.50
13. Barber shops, per chair.....	1.00
Additional for each bath tub.....	1.00
Additional for each toilet.....	.50
14. Hotels:	
Dining room.....	2.00
Bedroom and running water.....	.25
Each bath tub.....	.50
Each toilet.....	.30
15. Building Work:	
For mortar and to dampen brick, per 1000 brick.....	.35
For cement work, each barrel.....	.15

IT IS HEREBY FURTHER ORDERED that the Mountain Water Company be and it is hereby directed to file with the Railroad Commission within thirty (30) days from the date of this order, for its approval, amended rules and regulations governing the distribution of water to its consumers, said rules to become effective upon their approval.

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 14th day of September, 1921.

W. A. Brundage

James Martin

Charles H. Tower

J. J. [Signature]
Commissioners.