

Decision No. 9709

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
M. F. Reagan for an order authorizing) Application No. 6948.
increase in water rates.)

M. F. Reagan, in propria persona.

By the Commission.

O P I N I O N

The applicant herein owns and operates a public utility water system, supplying consumers with water for domestic purposes in the unincorporated town of Los Alamitos, Orange County, California.

In this proceeding applicant asks authority to increase the rates for service alleging in effect that the revenue received from the sale of water under the present rates do not equal operating expenses.

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

The testimony shows that this water system was installed some twenty years ago by the Bixby Land Company in connection with the sale of real estate in the town of Los Alamitos. Mr. Reagan came into possession of this system about eight years ago and has operated it independent of the sale of real estate since that time. The water is obtained from two wells by pumping and is distributed from a 10,000 gallon tank to the consumers.

Mr. J. G. Hunter, one of the Commission's Hydraulic Engineers, made a field investigation and submitted a report and appraisal of the system showing the estimated original cost of the used and useful properties to be \$7 149. The replacement fund computed by the sinking fund method at 6% amounted to \$195. The reasonable annual maintenance and operation expense of the system was estimated to be \$1 006.

At present there are sixty-nine (69) consumers being supplied from this water system, the greater portion of whom are Mexicans employed in the sugar beet industry. There is a considerable variation in the use of water throughout the year dependant upon the number of men employed in the sugar factory and beet fields.

The present rate in effect is \$1.00 or \$1.25 per month dependant upon the use, with two special services, one \$1.50 per month for supplying water for ten head of horses, and the other \$2.00 per month for the school house. All the services are on a flat rate.

The operating revenues for two years are shown as follows:

For the year of 1920	\$759
Jan. 1, 1921, to Aug. 31, 1921, (8 mos.)	576
Sept. 1, 1920, to Aug. 31, 1921.	848

Applicant testified that he plans to serve the Southern Pacific Company with water for their engines, which will materially increase his revenues.

This service will be on a measured basis and as he expects to meter his other consumers applicant asked at the hearing that in addition to the flat rate a measured rate be also established. This rate will be provided for in the order following this opinion.

The evidence shows that the system was designed to serve a real estate tract which has never fully developed

and for the present use is overbuilt. For that reason applicant cannot reasonably expect a rate that will provide a full return on the investment at this time.

However, it is apparent that this is a case in which an increase in rates should be granted and the rate schedule established in the following order is designed to return to applicant maintenance and operation expenses, replacement fund and some interest on the investment.

O R D E R

M. F. Reagan 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 heretofore in effect insofar as they differ from the rates herein established, are unjust and unremunerative, and that the rates 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 proceeds this Order,

IT IS HEREBY ORDERED that M. F. Reagan be and 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, said rates to be charged for all water delivered to consumers on and after December 1, 1921.

FLAT RATES

	<u>For Month</u>
For every tenement or dwelling-house of 5 rooms or less, one toilet, one bath, one lot not over 50' frontage	1.50
Each additional room	.10
Each additional toilet, bath or urinal	.25
Horses or cows, each	.25

Each additional horse or cow	.15
Automobiles, each	.25
Small stores or shop	1.00
Large stores, warehouses or meat markets	1.50
Soft drink parlors or bakeries	2.00
Public halls, or billiard parlors with not more than one toilet and one urinal	1.50
Each additional toilet or urinal	.25
Drug store without soda fountain	1.00
Drug store with soda fountain	2.50
Barber shop, one chair	1.50
Each additional chair	.50
Public bath, one tub	2.00
Each additional tub	1.00
Water for irrigation not included in the above schedule per sq. yd.	.005

SCHEDULE OF METER RATES

(Domestic and Commercial)

<u>Size of Meter</u>	<u>Min. Monthly Charge</u>
5/8"	1.25
3/4	1.50
1	2.00
1 1/2	3.00
2	4.00
3	5.00
4	6.00

Monthly Meter Rate

From 0 to 500 cu.ft.	@ 25¢ per 100 cu.ft.
500 to 1000 " "	@ 20¢ " " " "
1000 to 5000 " "	@ 18¢ " " " "
All over 5000 " "	@ 15¢ " " " "

Dated at San Francisco, California, this 4th day of November 1921.

H. B. Jundice
A. J. Loveland

David M. Martin
Charles H. Rowland
J. J. Pennington

Commissioners.