

Decision No. 9777

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application for rehearing of HIGHLAND DOMESTIC WATER COMPANY for authority to increase its water rates.

} Application No. 4888.

In the Matter of the Application of HIGHLAND DOMESTIC WATER COMPANY for authority to increase its water rates.

} Application No. 6732.

Wm. Guthrie for Applicant.

BY THE COMMISSION.

O P I N I O N

A public hearing was held by Examiner Westover at Highland upon above entitled applications, involving rates for water service for domestic and irrigation purposes in and about Highland, San Bernardino County.

By Decision No. 7545 of May 10, 1920, the Commission granted an increase in rates, upon Application No. 4888. The company filed an application for rehearing upon the ground that the rate base upon which rates were computed did not include suitable allowance for land for development work in an effort to procure a water supply, nor suitable allowance for working capital.

Meanwhile, a new application for authority to increase rates was filed.

At the hearing, both matters were consolidated for hearing and decision.

Attached to the new application is a brief statement showing the cost of the system as of December 31, 1920, as claimed by applicant, to have been \$38,501.90, including \$2500.00 for

working capital. A similar statement is attached to the amended application, filed by leave after the hearing, showing the total as \$42,215.35, including working capital, \$1500.00, and meters proposed to be installed subsequent to the hearing, \$460.50. Applicant's records of costs were burned several years ago. It presented no engineering testimony.

Mr. M. E. Ready, one of the Commission's hydraulic engineers, presented at the above hearing his appraisal of the system, showing his estimate of original cost to be \$35,725. At the hearing, however, applicant presented further testimony not previously produced, showing actual cost of land and approximate cost of drilling wells before the company was successful in obtaining a good supply of water. As a result, he prepared revised estimates of costs after the hearing which are adopted by the Commission in fixing the rate base at \$40,426. This includes \$500.00 for working capital, which we consider ample in view of the fact that the metered sales in 1920 amounted to only about \$200.00 per month. He has made no allowance for meters to be installed in the future, as the actual number is not known and the date of installation not fixed.

Reasonable annual charges, based upon the foregoing figures, are as follows:

Return on \$40,426 at 8%,.....	\$3,234
Depreciation annuity,.....	486
Maintenance and Operating as claimed for 1920,.....	<u>3,239</u>
Total,	\$6,959

As applicant's gross revenue is \$5,270.59, it is apparent that the company is entitled to an increase in rates, and the rate schedule set out in the accompanying order is designed to produce a fair and remunerative revenue.

O R D E R

Highland Domestic Water Company having applied to the Railroad Commission for authority to increase its rates for water, a public hearing having been held, the matter being submitted and now ready for decision,

It is Hereby Found as a Fact that the rates and charges of the Highland Domestic Water Company, in so far as they differ from the rates herein established, are unjust, unreasonable and unremunerative, and that the rates and charges herein established are just and reasonable rates.

And basing its order upon the foregoing finding of fact and upon the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the Highland Domestic Water Company be and it is hereby authorized to file with the Railroad Commission within twenty (20) days from the date of this order, the following schedule of rates, to be charged for all service rendered subsequent to December 1, 1921:

MONTHLY FLAT RATES:

For each family of not more than 5 persons	\$2.50
For each extra member in family above 5 . . . . .	.10
For each head of stock kept by private family . . . . .	.25
For each automobile . . . . .	.25
Each bath tub in private house. . . . .	.25
Each water closet in private house. . . . .	.35
Small stores and business offices	2.00
Large stores and business offices employing 4 or more persons.	2.50
Offices . . . . .	.75
Stores having soda water fountains, extra	1.50
Dentists' offices	1.50
Public watering troughs	1.50
Barber shop, one chair.	1.50
Each additional chair . . . . .	.75
Public bath tubs, each.	3.00
Public water closets or urinals, each	1.75
Wagon and blacksmith shops, not more than 2 forges	2.50
Each additional forge . . . . .	.50
Lodge or meeting rooms.	2.50

Restaurants, coffee houses, or saloons . . .	\$4.00
Lawns of fifty square yards or less. . . . .	.25
Each additional square yard. . . . .	.005
Tents.	1.00
Water carts for street sprinkling, payable monthly, each cart	1.00 per day.

MONTHLY METER RATES:

First 2000 cubic feet, per 100 cubic feet. .	\$-.30
Next 3000 cubic feet, per 100 cubic feet. .	.25
Next 5000 cubic feet, per 100 cubic feet. .	.20
All in excess of 10,000 cubic feet, per 100 cubic feet . . . . .	.15

MINIMUM MONTHLY CHARGES:

For each 5/8 inch meter.	\$1.25
For each 3/4 inch meter.	1.50
For each 1 inch meter.	1.75
For each 1 1/2 inch meter	2.50
For each 2 inch meter.	4.00

IT IS HEREBY FURTHER ORDERED that the Highland Domestic 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 distribution of water to its consumers, said rules and regulations to become effective upon their acceptance for filing by the Commission.

Dated at San Francisco, California, this 18th day of November, 1921.

H. B. Brundage
H. D. Loveland
Erving Martin
Chas. H. Jones
J. J. Bennett
 Commissioners.