

Decision No. 9814

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
San Dimas-Charter Oak Domestic Water
Company for an adjustment of its water rates.)

Application #6262.

Wm. Bewring for applicant.

P. M. Bangle and E. H. Schuler
for consumers.

BY THE COMMISSION.

O P I N I O N

San Dimas-Charter Oak Domestic Water Company, applicant herein, is a public utility water company engaged in the business of selling and distributing water for domestic purposes in and in the vicinity of San Dimas and Charter Oak, Los Angeles County. In this application it is alleged that the schedule of rates at present in effect does not produce an income sufficient for maintenance and operation expense, replacement annuity, and an adequate return on the investment.

A public hearing in this matter was held before Examiner Westover at San Dimas, of which all consumers were duly notified and given an opportunity to appear and be heard.

This utility obtains its water supply through the ownership of 60 shares of stock in the San Dimas Water Company, a mutual concern. The water is delivered by gravity into a reservoir of low elevation, from which it is raised into the main distribution reservoir by pumping. Approximately 600 consumers are served practically all of whom are metered.

The present rates charged by the utility for metered service are as follows:

Minimum charge of \$1.25 per month, which entitles consumer to 700 cubic feet of water. All use in excess of 700 cubic feet per month at the rate of \$0.10 per 150 cubic feet, which is equivalent to \$0.06-2/3 per 100 cubic feet.

A few consumers are served at flat rates ranging from \$1.25 per month upward.

At the hearing Mr. F. E. Van Hoesen, one of the Commission's hydraulic engineers, submitted a report and appraisal of applicant's properties used and useful in the service of water to the public, showing an estimated original cost of the system to be \$73,315; a replacement annuity, computed by the 6% sinking fund method, in the amount of \$1,844; and an estimated reasonable annual maintenance and operation cost of \$10,165. No other evidence was introduced at the hearing relative to the cost of the plant. Applicant's statement of operating expenses for 1920 was found to contain items incorrectly charged, such as interest, replacements and depreciation, in the amount of \$3,929.72. Deducting these items leaves a corrected operation expense for 1920 of \$9,584. The estimate presented by Mr. Van Hoesen takes into account the present increased cost of power and other factors affecting the result. The estimates of the Commission's engineer appear reasonable and will be used for the purposes of this proceeding.

After carefully considering the evidence regarding the elements going to make up the sum which should be annually produced by rates, it appears that the following are reasonable:

Return on \$73 315 at 8%	\$5 865
Replacement annuity	1 844
Maintenance and Operating Expense	10 165
Total	<u>\$17 874</u>

The total operating revenue from this system for 1920 was \$12 940.40. It is therefore apparent that this utility is entitled to an increase in its rates. However, it appears that the distribution system covers a large area, with the possibility of a considerable increase in the number of consumers without any considerable new construction. The annual reports of this utility indicate a progressive increase in the number of consumers and in gross income since 1913. It is reasonable to expect this growth to continue.

The schedule of rates set out in the following order is designed to return to applicant its maintenance and operation expenses, a proper replacement annuity, and a reasonable amount to apply as return on the investment.

O R D E R

San Dimas-Charter Oak Domestic Water Company having applied to the Railroad Commission for authority to adjust its rates for water served in and in the vicinity of San Dimas and Charter Oak, 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 San Dimas-Charter Oak Domestic Water Company in so far 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 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 San Dimas-Charter Oak 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, the same to supersede all rate schedules of this system heretofore in effect and to be and become effective on and after December 31, 1921.

METERED RATES

Monthly Minimum Charges

For 5/8 inch by 3/4 inch meter.	\$1.25
For 3/4 inch meter	1.50
For 1 inch meter	1.75
For 1 1/2 inch meter	2.00
For 2 inch meter	2.50

Monthly Metered Rates

From 0 to 500 cubic feet, per 100 cubic feet	\$0.25
From 500 to 5000 cubic feet, per 100 cubic feet	.15
Over 5000 cubic feet, " " " "	.10

Flat Rates

All flat rates will remain the same as those now in effect and filed with the Railroad Commission.

Dated at San Francisco, California, this 26th day of November, 1921.

H. B. Lundberg
H. D. Loveland
Charles J. Powell
J. J. Smith
Commissioners.