

ORIGINAL

Decision No. 28103

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application  
of Emily Greening Water System,  
for permission to add additional  
territory, mortgage system, in-  
crease rates and change name.

Application No. 19935.

Walter Greening, for Applicant.

Homer E. Gois, for California Bank, Los Angeles.

Paul Williams, representing a group of  
Protestants.

BY THE COMMISSION:

O P I N I O N

Emily Greening, operating under the firm name and style of Emily Greening Water System and engaged in supplying water to the residents of Tract No. 5348, Los Angeles County, asks for authority to extend the territory served with water, mortgage the water system, increase rates and change the name of the system to the firm name of Norwalk Water Company. The Commission is asked to authorize the following schedule of rates:

METER RATES

Monthly Minimum Charges:

For 5/8 x 3/4-inch meter-----	\$ 1.25
For 1-inch meter-----	2.45
For 1 1/2-inch meter-----	3.65
For 2-inch meter-----	5.00
For 3-inch meter-----	7.50
For 4-inch meter-----	12.00

Monthly Quantity Rate:

For	0	to	800 cubic feet, per 100 cubic feet-----	\$.155
For	800	to	1,800 cubic feet, per 100 cubic feet-----	.12
For	1,800	to	4,000 cubic feet, per 100 cubic feet-----	.10
For	4,000	cubic feet and up, per 100 cubic feet-----		.07

Combination Domestic and Irrigation Rate where not less than a one-inch meter is installed:

For	0	to	800 cubic feet, per 100 cubic feet-----	\$.155
For	800	to	1,800 cubic feet, per 100 cubic feet-----	.12
For	1,800	cubic feet or over, per 100 cubic feet-----		.04

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A public hearing in this matter was held before Examiner Geary at Los Angeles.

Applicant was granted a certificate of public convenience and necessity to operate a water system by the Commission in its Decision No. 20953, dated April 12, 1929, for the purpose of supplying domestic and irrigation water in Tract No. 5348 and certain adjacent land consisting of approximately one hundred acres in Los Angeles County. At that time the tract and the adjacent land were owned or controlled by the Rock Springs Land and Cattle Company, a corporation, and the distribution system was owned by applicant. Water was obtained for the tract through an agreement with the Cattle Company, which owned the well, elevated storage tank, pumping equipment and the land on which these facilities were located.

The evidence in this proceeding shows that the California Bank, a corporation of Los Angeles, now has succeeded the Rock Springs Land and Cattle Company in the ownership of these properties. Arrangements have been made whereby the bank will transfer to applicant for a consideration of <sup>\$4,775</sup>~~\$3,025~~ the well, tank, and pumping equipment, the lot on which these facilities are located, and an easement and right of way to make the lot accessible. The

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bank will take as part payment a note for \$3,275, secured by a deed of trust and chattel mortgage on the properties to be transferred and on the distribution system owned by applicant. Upon the conclusion of the transaction, title to the entire water system will be vested in applicant, subject to the deed of trust and chattel mortgage.

A copy of the proposed indenture, containing a copy of the note, is filed in this proceeding as Exhibit No. 1. It appears to be in satisfactory form and, as the assets and earnings of the water system seem to be ample to support the proposed note, the Order herein will authorize the execution as requested in the application.

The testimony shows that heretofore applicant has been willing to maintain a low water rate and to stand any loss sustained in the sale of water in order to stimulate the purchase of lots in the tract. However, applicant now requests authority to adjust its water rates upon the basis of the new conditions and, having no further interest in the sale of land, desires a rate comparable with the rates in effect on other utilities in the vicinity. The present rates are as follows:

#### METER RATES

##### Monthly Minimum Charges:

For 5/8-inch meter-----	\$1.00
For 3/4-inch meter-----	1.50
For 1-inch meter-----	2.50
For 1 1/2-inch meter-----	3.50
For 2-inch meter-----	6.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rate:

Per 100 cubic feet-----\$0.10

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Walter Greening testified for applicant as to the original cost of the water system and the cost of its operation for the year 1934 as shown by the books. F.H. Van Hoesen, one of the Commission's engineers, submitted a report showing an appraisal of the properties based on the historical cost of the used and useful properties, the cost of the 1934 operation, and an estimate of a reasonable cost of operation. The following table shows a comparison of the figures submitted by the above mentioned witnesses:

	<u>Greening</u>	<u>Van Hoesen</u>
Original cost of the used and useful properties-----	\$25,630.00	\$29,246.00
Maintenance and operating expense for 1934, excluding depreciation, as shown by the books-----	1,340.00	1,340.00
Estimated reasonable maintenance and operating expense, excluding depreciation-----	-	1,410.00
Operating revenue for 1934-----	2,005.00	2,005.00
Replacement annuity - 5% sinking fund-----	-	250.00

The above figures show that applicant received 1.6 per cent interest return upon the capital investment during 1934 as shown by its records and 1.16 per cent as shown by the estimate submitted by Mr. Van Hoesen. The difference in the two estimates is due largely to the inclusion of necessary items by Mr. Van Hoesen that were omitted by Mr. Greening.

The rates in effect are lower than the rates charged by similar utilities in the general vicinity rendering a like

service. As the rates requested by applicant compare favorably with the rates in effect on other water systems, they will be authorized in the following Order. These rates will produce an increase in revenues that will provide for the annual charges and a greater return on the investment.

Applicant is now operating its water plant under the firm name and style of Emily Greening Water System and desires to change same to the firm name and style of Norwalk Water Company. There is no objection to the change in name.

The testimony shows that applicant desires a certificate of public convenience and necessity to supply domestic and irrigation water to the lands formerly owned by the Cattle Company but which are now owned by the California Bank. As these lands were included in the certificate of public convenience and necessity granted applicant in the Commission's Decision No. 20953, dated April 12, 1929, it is not necessary to again grant such authority.

#### O R D E R

Emily Greening, operating under the fictitious firm name and style of Emily Greening Water System, having made application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission now being fully advised in the premises,

It is hereby found as a fact that the present rates of Emily Greening Water System, in so far as they differ from the rates herein established, are unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged for service rendered by Emily Greening hereafter in Tract No. 5348

and adjacent lands, more particularly described in Exhibits "A" and "B" attached to the application herein and made a part hereof by reference, and

Basing its Order upon the foregoing finding of fact and upon the further statements of fact contained in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Emily Greening, doing business under the fictitious firm name and style of Emily Greening Water System, be and she is hereby authorized and directed to file with this Commission, within thirty (30) days from and after the date of this Order, the following schedule of rates to be charged for all service rendered subsequent to the 15<sup>th</sup> day of August, 1935:

METER RATES

Monthly Minimum Charges:

For 5/8-inch meter-----	\$ 1.25
For 1-inch meter-----	2.45
For 1 1/2-inch meter-----	3.65
For 2-inch meter-----	5.00
For 3-inch meter-----	7.50
For 4-inch meter-----	12.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rates:

From 0 to 800 cubic feet, per 100 cubic feet-----	\$0.155
From 800 to 1,800 cubic feet, per 100 cubic feet-----	.12
From 1,800 to 4,000 cubic feet, per 100 cubic feet-----	.10
All over 4,000 cubic feet, per 100 cubic feet-----	.07

Combination Domestic and Irrigation Use  
(Where not less than a one-inch meter is installed)

Monthly Minimum Charges:

For 5/8-inch meter-----	\$1.25
For 1-inch meter-----	2.45
For 1 1/2-inch meter-----	3.65
For 2-inch meter-----	5.00
For 3-inch meter-----	7.50
For 4-inch meter-----	12.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rates:

From 0 to 800 cubic feet, per 100 cubic feet-----	\$0.155
From 800 to 1,800 cubic feet, per 100 cubic feet-----	.12
All over 1,800 cubic feet, per 100 cubic feet-----	.04

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IT IS HEREBY FURTHER ORDERED that Emily Greening be and she is hereby authorized to change the name of the water system from the fictitious name of Emily Greening Water System to that of Norwalk Water Company.

IT IS HEREBY FURTHER ORDERED that Emily Greening be and she is hereby authorized to execute a deed of trust and chattel mortgage, substantially in the same form as that dated March 2, 1935, filed in this proceeding as Exhibit No. 1, and to issue a note in the principal amount of three thousand two hundred and seventy-five dollars (\$3,275.00), payable as set forth in said Exhibit No. 1, for the purpose of paying in part for the properties referred to in the Opinion preceding this Order, the issue of said note being reasonably necessary for said purpose.

The authority herein granted is subject to the following conditions:

1. When and if applicant executes the deed of trust and chattel mortgage and issues the note as authorized herein, it shall advise the Commission in writing of its action with respect thereto.
2. The authority herein granted to execute a deed of trust and chattel mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act of the State of California and is not intended as an approval of said deed of trust and chattel mortgage as to such other legal requirements to which it may be subject.
3. The authority herein granted to execute a deed of trust and chattel mortgage and to issue a note will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is twenty-five dollars (\$25.00).

For all other purposes, the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 8 day  
or July, 1935.

Fee \$25.00

*[Signature]*  
Fee # 31529

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Commissioners.