

ORIGINAL

Decision No. 29565

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
B. J. LEWIS PUBLIC UTILITY WATER  
SYSTEM for an increase in rates.

Application No. 20684

Earl F. Crandall and B. J. Lewis,  
for applicant.

Paul Overton and R. G. Blanchard,  
for certain consumers.

Edmund F. Barker, for Charles Graham.

BY THE COMMISSION:

O P I N I O N

B. J. Lewis operates a domestic water works in Tracts Nos. 7806 and 8910 under the fictitious firm name and style of B. J. Lewis Public Utility Water System. The territory served is in the Topanga Canyon section of Los Angeles County. As a result of improvements made in the water supply and deliveries, Mr. Lewis asks that his rates be increased from the present monthly minimum charge of two dollars (\$2.00) to five dollars (\$5.00).

Public hearings in this matter were held before Examiner W. R. Williams in Los Angeles.

The evidence shows that the territory which the applicant has undertaken to supply with water is in Topanga Canyon where the climate is semi-arid and the terrain steep, rocky and precipitous. The mean seasonal rainfall in this area is slightly less than twenty inches; frequently, however, the annual precipitation is

as low as eight inches. The geologic structure of this area is such that underground waters are difficult to obtain in amounts sufficient to meet the needs of large groups of residents and added to this problem is the high cost of pumping and distribution to scattered consumers living on the steep hillsides where the service area varies from five to six hundred feet in elevation.

The difficulty of providing an adequate domestic water service at a reasonable cost both to the consumer and the producer throughout the entire Topanga Canyon district and adjoining territory has been presented to this Commission for many years. Generally the original subdividers in this territory made little or no efforts to provide either adequate water or proper distribution facilities. The increase in population, together with the scarcity of water and its high cost of development and distribution, has placed a most serious burden and handicap not only on the consumer but also the utility owner whose duty it is to keep pace with the demands upon his plant. Last year applicant's supply failed and, although water was secured by purchase from privately-owned well sources, yet the shortage of water was so acute as to cause much complaint and general dissatisfaction. Applicant has recently redrilled his well to a depth of 231 feet which has greatly increased its flow so that it is producing sufficient water to meet all present needs. Mr. Lewis testified that he will drill a new well before next summer.

Considerable protest was made by the consumers against the granting of an increased rate, mainly because of the unsatis-

factory water service provided last summer. However, these consumers agreed that they would not object to paying a higher rate if reasonable and necessary if, by so doing, they would be assured proper service. In this connection it should be stated that the increase from two dollars (\$2.00) per month to five dollars (\$5.00) as requested is wholly out of proportion with the requirements as disclosed by the evidence.

The record shows that for the purposes of this proceeding the estimated historical cost of the water works may be taken at sixteen thousand four hundred forty-eight dollars (\$16,448) with the depreciation annuity at three hundred fourteen dollars (\$314), based upon the sinking fund method at five per cent. The annual operating expenses for 1935 were one thousand five hundred forty-eight dollars (\$1,548) including depreciation while the revenues for the same year were one thousand one hundred eighty-three dollars (\$1,183). While these figures show an out-of-pocket operating loss and that applicant is rightfully entitled to a readjustment of his rate schedule, nevertheless it must be borne in mind that the territory is greatly undeveloped and but sparsely settled, there being an average of over 450 feet of water main per consumer. For this reason a full return upon the investment is not warranted at this time. The rate schedule established in the following Order, however, will yield revenues sufficient to cover all reasonable and normal operating costs including depreciation and will, in addition thereto, produce an amount for net return upon the invested capital which should be fair under existing

circumstances.

O R D E R

Application as above entitled having been filed with the Railroad Commission, public hearings having been held thereon, the matter having been duly submitted and the Commission being now fully advised in the premises,

It is hereby found as a fact that the present rates of B. J. Lewis Public Utility Water System in effect on Tracts Nos. 7806 and 8910, Los Angeles County, 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 by said B. J. Lewis Public Utility Water System for the service rendered, and

Basing this Order upon the foregoing findings of fact and on the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that B. J. Lewis be and he is hereby authorized to file with the Railroad Commission of the State of California, within thirty (30) days from the date of this Order, the following schedule of rates to be charged his consumers for all water delivered in the above named tracts subsequent to the 15<sup>th</sup> day of March, 1937.

METERED RATES FOR ALL CLASSES OF SERVICE

Minimum Monthly Charges:

5/8 x 3/4-inch meter-----	\$ 2.50
3/4-inch meter-----	3.50
1-inch meter-----	5.00
1 1/2-inch meter-----	8.00
2-inch meter-----	12.00

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

Monthly Quantity Rates:

First 300 cubic feet, or less-----	\$ 2.50
Next 2,700 cubic feet, per 100 cubic feet-----	.60
Over 3,000 cubic feet, per 100 cubic feet-----	.40

FLAT RATE SCHEDULE

Dwellings of not over three rooms, per month-----	\$ 2.50
For each additional room, per month-----	.50
Sprinkling or irrigating lawns, shrubbery, trees or garden, per square yard of surface irrigated, per month---	.005

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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 1<sup>st</sup> day of

March, 1937.

Walter H. Hare  
Leon A. White  
Joseph A. Wilson  
Raymond W. H. Hare  
Ray & Hiley  
Commissioners