

Decision No. 21268

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
SOUTHERN CALIFORNIA WATER COMPANY)
for an increase in rates for water)
service supplied in its Lawndale)
service area.)

Application No. 21268

Paul Overton, for Southern California
Water Company.
M. B. McNamara, for various consumers.

BY THE COMMISSION:

O P I N I O N

In the above entitled proceeding Southern California Water Company, a corporation, engaged in the business of distributing water for domestic, commercial, industrial and irrigation purposes in various parts of the State, requests that the Commission grant it authority to put into effect in its Lawndale Division, Los Angeles County, an increased schedule of rates for water service.

Public hearings in this matter were held by Commissioner Wakefield and Examiner McCaffrey at Los Angeles.

The evidence shows that the service area involved in this proceeding is situated southerly of and adjacent to the Town of Hawthorne, locally called Lawndale and North Moneta Gardens.

The present rates, accepted by the Commission on January 21, 1928, were filed voluntarily and informally by applicant's predecessor in interest, Los Angeles Water Service Company.

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These rates amounted to a very substantial reduction in the then existing charges. The tariff schedule now in effect is as follows:

MONTHLY FLAT RATE SCHEDULE

For a 3/4-inch service, a monthly flat rate for residences, boarding houses and tenements of five (5) rooms or less-----	\$1.50
For each additional room-----	.10
For each horse or cow-----	.20
Sprinkling or irrigation of lawns, shrubbery or gardens, for each square yard of surface actually irrigated-----	.005

METER RATE SCHEDULE

Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$1.00
3/4-inch meter-----	1.50
1-inch meter-----	2.00
1 1/2-inch meter-----	2.50
2-inch meter-----	3.00
3-inch meter-----	5.00

Monthly Metered Rates for Water Consumer:

0 to 1,000 cubic feet, per 100 cubic feet-----	\$0.10
All over 1,000 cubic feet, per 100 cubic feet-----	.08

Fire Hydrant Flat Rate:

\$3.00 per month per hydrant.

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The water supply is pumped from deep wells into storage tanks and delivered through mains ranging from one to ten inches in diameter. At the present time there are three wells in use and approximately thirteen hundred active consumers.

Reports were submitted by C.P. Harnish and E.V. Anderson in behalf of applicant and F.H. Van Hoesen, one of the Commission's hydraulic engineers. A summary of these reports is set forth below.

	Applicant	<u>Commission</u>
Estimated Historical Cost as of 10/31/37-----	\$249,082.00	\$ -
Estimated Historical Cost as of 12/ 1/37-----	-	248,162.86
Replacement Annuity-----	3,255.24	4,300.00
Operating Revenues, 1935-----	20,032.09	-
Operating Revenues, 1936-----	22,294.96	22,296.96
Operating Revenues, 1937 (Estimated)-----	25,658.00	25,759.05
Maintenance & Operating Expenses, 1935-----	14,711.72	14,626.73
Maintenance & Operating Expenses, 1936-----	15,367.85	15,336.45
Maintenance & Operating Expenses, 1937 (Est.)	17,089.00	15,775.00

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The above figures indicate that the present rates yield approximately 2.1 percent computed on the company's figures and 2.2 percent on those submitted by the Commission's engineer. Applicant submitted two schedules of rates estimated to yield a gross revenue from twenty-nine thousand dollars (\$29,000) to thirty thousand dollars (\$30,000), or approximately 4 percent net return. Officials of the company testified that they did not desire a full return upon the capital investment at this time and stated a willingness to accept the revenues which would be produced by either of the schedules submitted. In view of this situation and the additional fact that there is no serious disagreement over operating expenses and estimated future revenues, it will be unnecessary to make any definite findings as to rate base structure, depreciation and operating charges.

Several consumers protested against any increase in the rates and certain water users complained that the water was of very inferior quality. The latter claimed that the water had a bad odor and frequently carried in suspension dirt and small particles of some foreign matter. However, the testimony shows that the State Board of Health has made frequent investigations and analyses of this water supply and has made returns thereof that

in each case the water has been found to be safe for drinking purposes and all household uses. The Commission's engineer has also investigated this water supply at various times and testified that the water was free from odor or bad taste at times of inspection. In this phase of the case applicant has indicated its willingness to cooperate with the State and County health departments and has agreed to follow, as far as reasonably possible, any and all recommendations made by either of these organizations for the treatment and protection of all water delivered to its consumers throughout the Lawndale service area.

It is conceded by practically all interested parties and conclusively shown by the evidence that the voluntarily reduced schedule of rates filed by this company ten years ago has not at any time since having been placed in effect, and is not now, producing a reasonable net return on the investment. The schedules proposed do not present an exorbitant or excessive charge either under the monthly minimum charges or the monthly quantity rates. As a matter of fact the record indicates that in both instances these charges are substantitally less than the average of such charges generally in effect throughout the county where conditions are reasonably and fairly comparable. The schedule of rates established in the following Order is just and reasonable to the consumers and to the utility as well in accordance with its stipulated willingness to accept a net return upon its invested capital in this water works of approximately four (4) percent.

O R D E R

Application having been filed with this Commission as en-

titled above, public hearings having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

It is hereby found as a fact that the rates now charged by Southern California Water Company, a corporation, for water supplied its consumers in its Lawndale service area are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates to be charged for the service rendered, 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 Southern California Water Company, a corporation, be and it is hereby authorized and directed 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 for all water delivered to its consumers on and after the 1st day of April, 1938:

R A T E S

Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$ 1.35
3/4-inch meter-----	1.75
1-inch meter-----	2.00
1 1/2-inch meter-----	2.75
2-inch meter-----	3.50
3-inch meter-----	10.00
4-inch meter-----	14.00

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

Monthly Quantity Rates:

For	900 cubic feet or less-----	\$1.35
Next	2,100 cubic feet, per 100 cubic feet-----	.15
Next	3,000 cubic feet, per 100 cubic feet-----	.12
All over	6,000 cubic feet, per 100 cubic feet-----	.10

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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 21st day of March, 1938.

W. H. ...
John ...
John ...
R. ...
... & ...
Commissioners.