

Decision No. 34636

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of  
THE INDEPENDENCE WATER COMPANY, a  
corporation, for Authority to  
Increase Rates.

Application No. 23701

Robert D. Loundagin, for Applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled application, The Independence Water Company, a corporation, supplying water in the town of Independence in Inyo County, asks the Railroad Commission for authority to increase its rates.

A public hearing in this matter was held before Examiner Murray R. MacKall at Independence.

The Independence Water Company was incorporated in 1887 for the purpose of supplying the inhabitants of Independence, Inyo County, with water. The majority of the stock in this company is now and for a great number of years last past has been owned and controlled by various members of the Baxter family who are now in charge of the utility's operations. However, about 36 1/2% of the outstanding capital stock is owned by the City of Los Angeles.

The rates now in effect originally were fixed by the Board of Supervisors of Inyo County before the Railroad Commission obtained jurisdiction and control over water utilities. The rate schedule was filed on October 11, 1915, with the Commission upon

request. At various times in recent years, the Water Company has attempted to fix fair charges for new classes of service not provided for in its original tariffs, through agreement or negotiation with the consumers. This method not having proved satisfactory, it is now desired to have the rate schedule modernized and adjusted by the Commission to fit present conditions of demand.

The water supply is obtained from the waters of Pinyon Creek and Little Pine Creek, in which applicant has an adjudicated right to 55 miner's inches of water. Point of diversion is located about three-quarters of a mile above the town. Conveyance is by open ditch to settling and storage reservoirs. Transmission is by gravity through 10-inch and 12-inch mains to the distribution system.

Dr. Baxter, president of The Independence Water Company, testified that the Company had neither earned nor paid any dividends for the past six years and that the present rates do not produce sufficient revenues to pay fair and necessary salaries to its operators and employees. However, no evidence was submitted in behalf of applicant concerning appraisement of utility properties and operating expenses other than those figures set out in the utility's annual report to the Railroad Commission. A financial statement attached to the application as Exhibit "B" indicates disbursements from January 1, 1940 to August 7, 1940, to be \$3,245.86 and collections \$2,612.10.

A report was submitted by F. H. Van Hoesen, one of the Commission's hydraulic engineers, which is summarized in part as follows:

SUMMARY

Estimated original cost physical properties* .....	\$43,154
Maintenance and operating expense, 1940 .....	1,881
Estimated maintenance and operating expense for future, including depreciation .....	2,356
Depreciation .....	501
Revenue, 1940 .....	4,420,

(\*). No amount set up for water rights.

The above figures indicate that applicant received approximately 5% net return in 1940 upon the estimated cost of physical property investment, less intangibles. However, it will be unnecessary to go into further detail in connection with this phase of the case since at the applicant's own request the major rate structure covering the general domestic and commercial service is not to be disturbed but the necessary changes and adjustments will be confined to certain larger water users such as schools, parks and county buildings and grounds where the discriminatory problems are serious. The schedule of rates established below in general is in accord with proposed charges acceptable to both applicant and the larger users of water. There are, however, a few minor changes made necessary to equalize the rates between certain classes of demand. The rates herein established will increase the present net revenue but slightly, not to exceed 6% on the physical capital investment exclusive of intangibles.

O R D E R

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

IT IS HEREBY FOUND AS A FACT that the rates now charged by The Independence Water Company, a corporation, for water delivered to its consumers in and in the vicinity of Independence, Inyo County, 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 The Independence Water Company, a corporation, be and it is hereby authorized and directed to file with the Railroad Commission 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 1<sup>st</sup> day of November, 1941:

FLAT RATES

	<u>Per Month</u>
1. Residence on lot not exceeding 50' x 150' .....	\$2.00
2. Each additional residence on same premises ...	1.00
3. Housekeeping apartments, each apartment .....	1.50
4. Duplex houses, each residence unit .....	1.50
5. Irrigation of lot or fraction of lot, without residence, per 100 square feet of surface .....	.015
6. Restaurants, cafes and coffee shops .....	3.00
7. Soda fountains and bars, in connection with other business .....	1.00
8. Barber shop or beauty parlor, two chairs or booths .....	2.00
Each additional chair or booth .....	.25

9.	Retail markets, shops, drugstores, bakeries, small stores, offices, picture houses, lodges, corrals .....	\$2.00
10.	Automobile service station and garage, with 2 toilets .....	2.50
11.	Additional for wash rack .....	1.00
12.	Cemeteries without irrigation .....	2.00
	Additional for irrigation, per 100 square feet of surface .....	.015
13.	Clubs and parks, base rate for irrigation not to exceed 10,000 square feet .....	2.00
	Additional irrigation, per 100 square feet of surface .....	.015
14.	Hotels with public toilet and wash room .....	5.00
	Additional for each room with running water ..	.10
	Additional for restaurant or coffee shop .....	3.00
15.	Dairies, base rate .....	5.00
	Additional for each cow or animal watered .....	.10
16.	Auto camps and motels, base rate including office .....	3.00
	For each cabin .....	.25
17.	Highway yard, as in 1940 .....	10.00
	Additional if enlarged.	
18.	County Court House:	
	Court House .....	15.00
	County Jail .....	4.00
19.	Schools:	
	Union High School .....	8.00
	Elementary School .....	8.00
	Addition or enlargement, on same basis.	
20.	City of Los Angeles:	
	Shops, according to use .....	4.00
	Office and Warehouse .....	4.00
	Garage .....	4.00
	3 yards, without irrigation, each .....	1.00
	Bunk House .....	3.00
	Guest House .....	3.00
	Truck Drivers' Annex .....	2.00
	Sewer flushing .....	3.00
	Additional enlargement on same basis.	
21.	Fire Hydrants, each .....	.75
	(Other rates with City, County or State by written agreement.)	

METER RATES

MONTHLY MINIMUM CHARGES:

5/8 x 3/4 inch meter.....	\$2.00
3/4 " " .....	2.50
1 " " .....	3.50
1-1/2 " " .....	5.50
2 " " .....	8.00
3 " " .....	14.00

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:

First 1,000 cubic feet; or less .....	\$2.00
Next 9,000 " " per 100 cubic feet .	.15
Over 10,000 " " " 100 " " .	.12

IT IS HEREBY FURTHER ORDERED that The Independence Water Company, a corporation, be and it is hereby directed as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission for its approval four sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8 1/2 x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area, and the location thereof with reference to the surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.
2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 400 feet to the inch, upon which shall be delineated by appropriate markings the territory presently served. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising

the entire utility area of service, provided, however, that such map shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.

IT IS HEREBY FURTHER ORDERED that for all other purposes, the effective date of this Order shall be twenty (20) days from and after the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 30<sup>th</sup> day of September, 1941.

[Signature]  
[Signature]

Francis R. Havens  
Richard H. Karcher  
Commissioners.