

ORIGINAL

Decision No. 42172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION
OF SAN DIMAS-CHARTER OAK DOMESTIC
WATER COMPANY FOR AUTHORITY TO
INCREASE RATES.

Application No. 29398

Trent G. Anderson, for applicant;
J. Ralph Shoemaker, General Manager,
San Dimas-Charter Oak Domestic
Water Company, for applicant.

O P I N I O N

San Dimas-Charter Oak Domestic Water Company, engaged in the business of distributing and selling water for domestic purposes as a public utility to consumers in San Dimas and vicinity, Los Angeles County, asks this Commission for authority to increase rates.

A public hearing was held at San Dimas before Examiner Thompson.

The San Dimas-Charter Oak Domestic Water Company is a corporation organized January 20, 1913, under the laws of the State of California. The predecessor of applicant was the San Dimas Water Company, a mutual company organized primarily to provide irrigation water for its shareholders located in an area comprising about 3,000 acres in the eastern part of Los Angeles County. Subsequently parcels of land were subdivided into town lots. The mutual company commenced distribution of domestic water, and soon found itself delivering water to non-stockholders. Because of the public utility status of these latter operations, the applicant company was formed to take over the domestic water operations of the mutual company. The San Dimas Water Company owns all of the capital stock of the San Dimas-Charter Oak Domestic Water Company, and members of its Board of Directors and officers serve in a like capacity for said company.

The present service area consists of approximately 2,300 acres of land in Sections 34 and 35, Township 1 North, Range 9 West, and Sections, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 17, and 18, Township 1 South, Range 9 West, San Bernardino Base and Meridian. No incorporated towns are included in the area. There are but few subdivisions outside of the town of San Dimas. Most of the consumers live on small farms scattered throughout the service area.

Applicant's entire water supply is purchased from the parent company, San Dimas Water Company, and is delivered at three separate locations in the service area. Booster pumps deliver the water to reservoirs located on elevations sufficient to provide reasonable water pressure in the distribution mains. The distribution system consists of 202,741 feet of steel water mains varying in diameter from two inches to ten inches. One 100,000-gallon concrete reservoir and two 500,000-gallon reservoirs provide necessary storage capacity. There are 1,079 consumers presently served.

The existing rates are based upon a monthly minimum charge of \$1.25 for 500 cubic feet or less reduced to ten cents per 100 cubic feet for all use over 5,000 cubic feet. Applicant asks for a base rate of \$1.50 reduced through three blocks to ten cents per 100 cubic feet for all use over 16,000 cubic feet per month.

The record shows that the total fixed capital according to the company's books as of June 30, 1948, was \$185,525. Applicant's witness submitted evidence to show that a comparatively large construction program is under way for additions and betterments to the system. These additions were detailed in Exhibit 4, and amounted to \$35,895, with offsetting retirements of \$10,963. Proposed additions and betterments for the coming year were estimated to cost an additional \$76,556, with offsetting retirements of \$6,498.

Applicant's witness testified that operating expenses have increased substantially in the past few years, and that revenues are

not now sufficient to enable the company to earn a fair return upon the capital investment. This witness submitted a detailed statement of income and expenses for the period July 1, 1947 to June 30, 1948 setting forth the total operating revenue for this period as \$42,114, and total operating expense, including depreciation, as \$38,313, leaving a net operating income of \$3,801.

One of the Commission's engineers made a study of the operations of applicant company, and presented a report which showed total operating revenues for the last three years to be as follows:

1945	\$33,381
1946	36,441
1947	41,428

During this three-year period the number of consumers increased from 964 to 1,079. Total operating expenses, including depreciation and taxes, for the same period, were reported as follows:

1945	\$29,262
1946	32,673
1947	36,359

The following tabulation is a summary of earnings and rate base of applicant company for the year 1947, as contained in the report prepared by the Commission's engineer:

	<u>Year 1947</u>
Operating Revenues	\$41,428
Operating Expenses	<u>36,359</u>
Net Operating Revenues	5,069
 <u>Rate Base</u>	
Total adjusted average fixed capital	\$214,393
Materials and supplies	8,268
Working capital	<u>5,000</u>
Undepreciated rate base	227,661
Reserve for depreciation	<u>76,364</u>
Depreciated rate base	151,297
Rate of return	3.35%

The record shows that under the rates proposed by applicant the operations for 1947 would have produced a gross revenue of \$48,664, and a rate of return of 6.28% on the depreciated rate base. The proposed rate increase would result in an increase in revenue of \$7,236 on operations for 1947,

Applicant's witness testified that the company had not received an increase in water rates since 1921, and that the increase proposed was necessary if proper standards of service were to be continued.

Some opposition was expressed at the hearing by consumers who objected to an increase in rates. Comparisons were made with the rates of other water utilities but no evidence was offered to show that the operating conditions of these utilities were comparable with the applicant's. No facts were presented to refute the testimony on the results of operations of this utility company.

In view of the substantial increase in fixed capital which will result from the present reconstruction program and because of the increased cost of operation, the proposed rates appear just and reasonable and will therefore be established in the following order.

O R D E R

San Dimas-Charter Oak Domestic Water Company having filed its application requesting authority to increase rates, a public hearing having been held, the matter having been submitted, and the Commission being fully advised in the premises and hereby finding that an increase in rates to the extent set forth in the schedules contained in the order herein is justified and should be authorized therefore,

IT IS ORDERED that San Dimas-Charter Oak Domestic Water Company is authorized to file in quadruplicate in conformity with General Order No. 96 of the Public Utilities Commission of the State of California, on and after the effective date of this order, the schedule of rates set forth in Exhibit A attached hereto, said

schedule to be applicable to and charged for all water service received on and after December 1, 1948.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 26th day of October, 1948.

B. J. Zimmerman
Justus F. Gaeles
Frank Russell
Harold Kula
Kenneth Patten
Commissioners.

EXHIBIT A

Schedule No. 1

GENERAL METERED RATE

APPLICABILITY

Applicable to all domestic and industrial meter service.

TERRITORY

Unincorporated area within the limits of San Dimas and Charter Oak as delineated on map on file with the Public Utilities Commission of the State of California.

RATES

Per Month
Per Meter

Quantity Charge:

First	500 cubic feet, or less	\$1.50
Next	4,500 cubic feet, per 100 cubic feet	.18
Next	11,000 cubic feet, per 100 cubic feet	.12
Excess		.10

Minimum Charge:

For	5/8-inch meter	\$1.50
For	3/4-inch meter	1.80
For	1-inch meter	2.10
For	1 1/2-inch meter	2.40
For	2-inch meter	3.00
For	4-inch meter	6.25

The Minimum Charge will entitle the customer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rate.