

Decision No. 42472

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
EAST GARDENA WATER CO. for the per-
mission to raise rates charged for
irrigation water.

Application No. 29501

C. E. Spencer, for applicant.

O P I N I O N

East Gardena Water Company, a corporation, owns and operates an irrigation water works in the vicinity of Gardena, Los Angeles County, and filed the above-entitled application on July 6, 1948, seeking authority to establish an increased schedule of rates. A public hearing was held before Examiner Warner in Los Angeles on January 18, 1949.

The applicant's system serves 40 irrigation customers; two nurseries for which reservoirs are filled; and, an oil company for which a small reservoir is filled for fire protection purposes. Applicant does not furnish domestic water service. The service area and details of the system are delineated and set forth in the proceedings in Application No. 25627 in which the Commission issued its Decision No. 36560 on August 17, 1943. There has been no change in either the service area or the number of customers served since that time. The only material change in plant facilities has been the conversion from 50-cycle to 60-cycle operation of the two electric motors driving the turbine pumps, which was effected by the change of frequency in Southern California Edison Company's system in 1948. This change increased the pumping capacity of these pumps by more than 5%.

Applicant's present rates were authorized in Decision No. 36560 in Application No. 25627, and became effective August 1, 1943. They provide for a flat charge of \$1.25 per hour's usage of the capacity of one pump. In this application it is proposed to increase the hourly charge to \$1.40 for the usage of the capacity of one pump, and to include a minimum charge of \$2.10 for each run.

Mr. C. E. Spencer, secretary of the company, testified that the size of the service area is gradually decreasing, having originally been 488 acres in 1902 but now includes only 375 acres of service area and 300 acres actually served. He further testified that it was his opinion that there were no prospects of expansion, either in the number of customers or the hourly usage of water. He testified that his own salary had been increased from \$118 to \$150 a month since 1943; that there had been no increase in power rates; that there were no complaints about service; that no service improvements were felt necessary or contemplated; that cost of repairs has increased; and that increased recorded revenues under present rates were attributable to drought conditions. He further testified that no interest had been paid by the company in recent years, there being no corporate indebtedness, and the company had never paid any dividends to its stockholders.

Engineer James F. Wilson of the Commission's staff introduced a report of an investigation of the operations of the applicant for the years 1946, 1947, and 1948, which is summarized in the following tabulation:

	P.U.C. Exhibit No. 1		
	Present Rates		
	1946	1947	1948
Operating Revenues	\$2,710	\$3,117	\$3,746
Operating Expenses	2,865	2,880	3,007
Operating Taxes	339	392*	440
Depreciation (straight line)	475	475	475
Total Operating Expense	3,679	3,747	3,922
Net Operating Revenue	(969)	(630)	(176)

* Adjusted by deducting \$726 for sewer assessment.

(Red Figure)

Mr. Wilson testified that if the proposed rates had been in effect during the year 1948 the net revenue would have increased \$768, and the rate of return on a depreciated rate base of \$11,546 (using straight line depreciation) would have been 5.1% per annum, and the rate of return on an undepreciated rate base of \$18,446 (using 5% sinking fund depreciation) would have been 4.6% per annum.

No objections to this application were filed, although notices of the hearing in this matter were served on all customers.

It is concluded that the rates requested by the applicant would not yield an excessive return and that the applicant is entitled to certain relief, and the order herein will therefore provide for rates which will increase revenue by approximately \$800 annually.

O R D E R

East Gardena Water Company having applied to the Commission for an order authorizing increase in water rates and charges, a public hearing having been held, and the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increase in rates authorized herein is justified; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with this Commission's General Order No. 96, the schedule of rates shown in Exhibit A attached hereto, and, after not less than five (5) days' notice to the Commission and to the

public, to make said rates effective by billing periods for service rendered on and after March 15, 1949.

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

Dated at San Francisco, California, this 1st day of February, 1949.

P. J. [Signature]
Justin F. [Signature]
[Signature]
Harold P. [Signature]
[Signature]
Commissioners.

Schedule No. 1

FLAT RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation water service.

TERRITORY

Entire area of service, comprising approximately 375 acres lying easterly of Gardena, Los Angeles County.

RATE

Minimum Charge:	<u>Per Run</u>
For each run, from one pump.....	\$2.10
Quantity Rate:	<u>Per Hour</u>
For each hour's usage of capacity of one pump.....	\$1.40

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

SPECIAL CONDITIONS

A consumer will be entitled to the entire capacity of either one of the Company's two pumping plants for as many hours as he shall make application for, subject to such necessary limitations and regulations as to pumping hours available in order that the Company may distribute the output of its pumping plant equitably among its consumers.