

Decision No. 42833

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
ROY E. RANKIN for permission to
increase water rates.

Application No. 29905

Martin S. Ryan for applicant; C. E. Bishop,
Ralph M. Jenkins, J. L. Armstrong,
Mrs. Leta Fortish, Walter Gould Lincoln for
a group of consumers.

O P I N I O N

Roy E. Rankin, an individual, doing business as the Roy Rankin Water Service, owns and operates a water works in and about the unincorporated territory of Baldwin Park, Los Angeles County, and filed the above-entitled application on December 15, 1948, seeking authority to establish an increased schedule of rates.

Public hearings were held before Examiner Warner, in Los Angeles, on March 2 and April 14, 1949.

The applicant's system serves approximately 308 customers residing in and about the unincorporated territory of Baldwin Park, about two miles east of El Monte, in Tracts Nos. 10104 and 10953, and some unsubdivided parcels on the east bank of San Gabriel River lying on either side of Garvey Boulevard. The service area comprises approximately 165 acres.

Water is obtained from two pumping plants located at opposite ends of the service area; one well being 12 inches in diameter, 50 feet deep, and discharging 567 gallons per minute at 50 pounds pressure p.s.i.^{1/}; the second well being 18 inches in

^{1/} Pounds per square inch.

diameter, 194 feet deep, with approximately the same discharge. Two hydropneumatic tanks are especially constructed and installed at each pumping plant to prevent sand from passing into the distribution system. The distribution system consists of 27,924 feet of steel water mains, ranging from 1½ to six inches in diameter.

The present rates were established by the Commission in its Decision No. 29231 issued November 2, 1936. There are no flat rates effective in this system. Meter rates provide for a minimum charge of \$1.50 per meter per month, including 2,000 cubic feet or less; and 40 cents per 1,000 cubic feet for the next 8,000 cubic feet; and 25 cents per 1,000 cubic feet for all over 10,000 cubic feet.

The proposed rates provide for a minimum charge of \$1.50 per month, including the first 1,000 cubic feet; 60 cents per 1,000 cubic feet for the next 9,000 cubic feet; and 50 cents per 1,000 cubic feet for all over 10,000 cubic feet.

Mr. Carr A. Dietz, accountant for applicant, testified regarding applicant's financial operations for the year 1948. The revenues and operating expenses totaled \$8,199 and \$8,677, respectively, and resulted in an operating loss of \$478 for the year's operation. The operating expenses included \$1,266 as an allowance for depreciation which was computed by the straight line method. The applicant reported the fixed capital to be \$13,887, as of December 30, 1948.

Mr. W. F. Wilson, one of the Commission's engineers, presented a report covering an appraisal of the system on an historical cost basis, and the results of operation for the year 1948, under present rates, and estimated for the year 1949, under the proposed rates. A summary of the results of operation shown in the report for the two years follows:

SUMMARY OF EARNINGS AND RATE BASE

	Year 1948	Year 1949 (Estimated)
Recorded Revenue (Present Rates)	\$8,199	
Estimated Revenue (Proposed Rates)		\$10,047
Operating Expenses	7,411	7,615
Depreciation*	<u>1,454</u>	<u>1,454</u>
Total Operating Expenses	8,865	9,069
Net Revenue	(<u>666</u>)	978

Rate Base

Undepreciated Rate Base	48,100
Accrued Depreciation	<u>7,350</u>
Depreciated Rate Base	40,750
Rate of Return	2.40%

(Red Figure)

*Straight line depreciation.

Mr. Wilson testified that using a 5% depreciation annuity of \$659 for the year, the rate of return with the undepreciated rate base would be 0.26% per annum for the year 1948 and 3.68% for the estimated year 1949 at the proposed rates.

Several witnesses protested an increase in rates on the grounds that the present charges were excessive. These witnesses also complained of low pressures during periods of peak demand and also that sand and other foreign materials appeared in sinks and bathtubs from time to time.

The record shows that the customers of this system have enjoyed very low rates and that the proposed rate will still leave

it among the lowest in the general vicinity. In connection with the service complaints, applicant should take immediate steps to furnish potable water at adequate pressures.

However, 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 \$1,850 annually.

O R D E R

Roy E. Rankin, an individual, doing business as the Roy Rankin Water Service, 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

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Throughout the entire service area, which includes approximately 165 acres of land subdivided as Tracts Nos. 10104 and 10953 and some unsubdivided parcels on the east bank of San Gabriel River, lying on either side of Garvey Boulevard about two miles east of El Monte, in and about Baldwin Park, Los Angeles County.

RATES

Monthly Minimum Charge:		Per Meter Per Month
For 5/8 x 3/4-inch meter		\$ 1.50
For 3/4-inch meter		2.00
For 1-inch meter		3.00
For 1 1/2-inch meter		5.00
For 2-inch meter		8.00
For 4-inch meter		10.00

Monthly Quantity Rates:

First 1,000 cubic feet or less	1.50
Next 9,000 cubic feet, per 1,000 cubic feet60
Over 10,000 cubic feet, per 1,000 cubic feet50

The monthly minimum charge will entitle the customer to the quantity of water which that monthly minimum charge will purchase at the monthly quantity rates.

public, to make said rates effective by billing periods for service rendered on and after May 31, 1949.

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

Dated at San Francisco, California, this 3rd day of May, 1949.

R. E. Inman
Justin F. Gallen
Harold P. Kula
Samuel P. Lott
Commissioners.