

Decision No. 18143

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
MOUNTAIN PROPERTIES, INC., a Calif- )	
ornia corporation, under Section 728 )	Application No. 33790
of the Public Utilities Code, to )	
increase its rates for Hawaiian Gardens)	

Moss, Lyon & Dunn, attorneys, by George C. Lyon,  
for applicant; W. J. Harris, C. C. Wilson, Mrs. C. J.  
Gaston, Mrs. J. H. Piercy, Mrs. W. R. Collie, and  
Venn W. Ferguson, in propria personae, protestants;  
R. E. Sutherland for the Commission staff.

O P I N I O N

Mountain Properties, Inc., a corporation, by the above-entitled application filed October 8, 1952, seeks authority to increase its rates for water service in its Hawaiian Gardens system by about \$1,750 per year. The application was amended at the hearing by the filing of a request to establish a rate for fire hydrant service.

A public hearing in this matter was held before Examiner Warner on December 17, 1952, in Los Angeles.

General Information

Applicant furnishes public utility water service in 19 localities in Los Angeles, Orange, San Bernardino and Kern Counties. Its headquarters are located in Los Angeles. A local collection office is maintained at 13344 Rosecrans Avenue for the convenience of consumers, and a general warehouse and maintenance headquarters is located near Santa Ana.

Operations in Hawaiian Gardens System

Applicant furnishes domestic and commercial water service to 78 flat rate and 452 metered consumers in unincorporated territory situated in the vicinity of Carson Boulevard and Norwalk Boulevard in the area known as Hawaiian Gardens, near Artesia, Los Angeles County. Applicant's present rates were established by the Commission in 1946. The growth of the area has been slight and is not expected to increase in the immediate future. The record shows that it is estimated that between 10 and 15 new consumers may be added to the system during 1953. Applicant's need for an increase in rates is based on its showing of operating losses in this system for the recorded year 1951, and deficient earnings for the estimated year 1952.

Rates

The increases in rates requested herein would affect the monthly flat rate service schedule and the schedule of general metered service monthly minimum charges. No increases in general metered service monthly quantity rates are requested. The following tabulation is a summary of applicant's present and proposed flat rates:

MONTHLY FLAT RATES

	<u>Present</u>	<u>Proposed</u>
For each residence, including one lot, size not to exceed 59 x 164 feet where service connection is 3/4-inch diameter or less .....	\$1.50	\$2.00
For each additional residence on one lot .....	1.00	1.00
For small business lots where the service connection is not larger than 3/4 inch in diameter .....	1.50	2.00
Water for irrigation not included in the above schedule, per 100 square feet irrigated .....	.02	.02

Applicant's present and proposed general metered service monthly minimum charges are shown as follows:

		<u>METER RATES</u>	
		<u>Per Meter Per Month</u>	
<u>Minimum Charge:</u>		<u>Present</u>	<u>Proposed</u>
For	5/8-inch meter .....	\$1.50	\$ -
For	5/8 x 3/4-inch meter .....	-	2.00
For	3/4-inch meter .....	1.75	-
For	1-inch meter .....	2.25	3.00
For	1-1/2-inch meter .....	4.00	4.00
For	2-inch meter .....	6.00	6.00
For	3-inch meter .....	-	20.00
For	4-inch meter .....	-	30.00

A consumers' use tabulation in Exhibit No. 4 shows that 45.17% of the consumer months fell in the consumption block of 0-600 cu.ft. Thus, about 45% of the metered consumers would be affected by the proposed increase in minimum charge of \$0.50 per month. However, the water usage entitlement of such consumers under the proposed minimum charge would be increased from 600 cu.ft. to 800 cu.ft. per meter per month.

#### Earnings

Exhibits No. 1 and No. 4, submitted by applicant and by the Commission staff, respectively, contain earnings information for the recorded year 1951 and the estimated year 1952, each at present rates. Such information is summarized as follows:

#### SUMMARY OF EARNINGS

Item	<u>Present Rates</u>		
	<u>Year 1951</u>	<u>Year 1952 Estimated</u>	
	<u>Recorded</u>	<u>Per Co.</u>	<u>Per PUC</u>
	<u>Per Co. Exh.#1:</u>	<u>Exh. #1</u>	<u>Exh. #4</u>
Operating Revenues	\$11,670	\$12,202	\$11,993
Operating Expenses	12,192	11,658	11,477
Net Revenue	(522)	544	516
Rate Base	60,337	63,032	64,705
Rate of Return	Nil	0.86%	0.797%

(Red Figure)

The record shows that during 1951 applicant prorated most of its general and miscellaneous operating expenses to the Hawaiian Gardens system based upon the ratio of the number of consumers in Hawaiian Gardens to the total consumers of the company. Both applicant and the Commission staff's estimates for 1952 include amounts prorated on a revenue basis. Such basis is considered reasonable for the purposes of this proceeding involving a relatively small operation.

Applicant's witness testified that all wooden pipe lines which were part of the original system have now been completely replaced with 4-inch and 6-inch transite pipes. At the present time two steel storage tanks equipped with booster pumps, a wooden storage tank, and two steel pressure tanks are connected to the system. This witness stated that during 1953 applicant proposes to replace the 10,000-gallon wooden, overhead storage tank with an additional steel pressure tank. No substantial additions to fixed capital were budgeted for 1952 and the replacement of the wooden storage tank, at an estimated cost of \$1,500 during the first six months of 1953, and the normal replacement of distribution mains are the only significant fixed capital items budgeted for 1953.

The Commission staff engineering witness testified that at the proposed rates the estimated rate of return for the year 1953 would be 7.18%.

#### Conclusion

From a review of the record it is evident that applicant is in need of financial relief in its Hawaiian Gardens system. Analysis of the record indicates that estimated pumping expenses, federal and state taxes based on income, and the estimated rate

base for the year 1953 should be adjusted, and, accordingly, the summary of earnings which follows has been adopted for the purpose of the rate increase being authorized herein.

Operating Revenues	\$16,428
Operating Expenses	<u>13,803</u>
Net Revenue	2,625
Rate Base	65,250
Rate of Return	4.02%

The rate of return indicated by the tabulation above is clearly not excessive. The order which follows will authorize applicant to file the proposed rates, except that the filing of a different schedule of general metered service monthly minimum charges from the proposed minimum charges will be authorized. Such authorized schedule of monthly minimum charges, together with the authorized increases in monthly flat rates, will increase gross revenues by about \$1,750 annually, as applied for. The filing of rates of \$1 per hydrant per month for single outlet, and \$2 per hydrant per month for double outlet fire hydrants also will be authorized.

#### Service Complaints

All consumer appearances protested the granting of this application and a petition purportedly signed by 167 consumers residing in the area complained of low pressure, dirt and sand in the water, infrequent and insufficient flushing of lines, and non-notification of water service interruptions. Applicant's president admitted the existence of dirt and sand in the water but was not cognizant of the low pressure conditions. A schedule of water service interruptions was filed at the hearing as Exhibit No. 3 showing but one interruption in 1952, on October 27th, for a period of 30 minutes in order to repair a leak. This witness testified that the estimated production capacity of the pumping

plant installations in the five wells serving the area was 150 gallons per minute each, or a total of 750 gallons per minute. He stated that there was one area west of Norwalk Boulevard and south of Carson Boulevard, in which 1½-inch and 2-inch mains were installed. About 75 consumers reside in this area but no more than five are connected to a single main. There are 24 dead ends in the entire system and water is flushed through valves at strategic locations. Water pressures of between 30 and 50 pounds per square inch are maintained uniformly throughout the water system.

Applicant's president expressed a willingness and desire to investigate each service complaint looking toward the elimination of all causes thereof. The order which follows will require the filing with the Commission of a written report of the results of such investigations. This report will be required to include the steps taken or proposed to be taken to eliminate any deficient service condition disclosed by the investigations.

Request for Establishment of a Garden Rate

Mrs. C. J. Gaston, a consumer, whose premises comprise approximately one-half acre, requested the establishment of a special rate for gardening. After careful consideration of this request, the Commission concludes that the establishment of this type of rate would not be practicable or in the public interest, this being primarily a domestic water system.

O R D E R

The above-entitled application having been filed, a public hearing having been held, the matter having been submitted, and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present

rates in so far as they differ from those herein prescribed are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED as follows:

1. That applicant be, and it is, authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, a schedule of rates shown in Exhibit A attached hereto, together with rules and regulations and four copies of a tariff service area map, and on not less than five (5) days' notice to the Commission and the public, to make such rates effective for services rendered on and after February 1, 1953.
2. That applicant shall investigate the complaints of water service conditions lodged by consumer appearances at the hearing.
3. That applicant, within thirty (30) days after the effective date hereof, shall file in writing with this Commission a report of the results of applicant's investigations of said service complaints. Such report shall include the steps taken or proposed to be taken to eliminate the conditions complained of.

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

Dated at San Francisco, California, this 13<sup>th</sup> day of January, 1953.

A. T. Dunning  
President.

Harold S. Hule

Harold B. Patten  
John E. Mitchell

Commissioners.

Commissioner Justus F. Cranson, being necessarily absent, did not participate in the disposition of this proceeding.

EXHIBIT A  
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Schedule No. 1

FLAT RATE SERVICE

APPLICABILITY

Applicable to all unmetered water service.

TERRITORY

Within the service area of Hawaiian Gardens, located in unincorporated territory in the vicinity of Carson and Norwalk Boulevards, near Artesia, Los Angeles County.

RATES

	<u>Per Month</u>
For each residence or business establishment including premises not exceeding 9,650 square feet in area, and where service connection does not exceed 3/4 inch .....	\$2.00
For each additional 100 square feet of area of premises in excess of 9,650 square feet .....	.02
For each additional residence on premises served from same service connection .....	1.00

SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished only on a metered basis.
2. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 2 - General Metered Service.



EXHIBIT A  
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## Schedule No. 2

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Within the service area of Hawaiian Gardens, located in unincorporated territory in the vicinity of Carson and Norwalk Boulevards, near Artesia, Los Angeles County.

RATES

Quantity Rates:		<u>Per Meter Per Month</u>
First	800 cu. ft., or less .....	\$ 2.00
Next	200 cu. ft., per 100 cu. ft. ....	.25
Next	2,000 cu. ft., per 100 cu. ft. ....	.20
Next	3,000 cu. ft., per 100 cu. ft. ....	.15
Over	6,000 cu. ft., per 100 cu. ft. ....	.12

## Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 2.00
For	1-inch meter .....	4.00
For	1-1/2-inch meter .....	6.50
For	2-inch meter .....	10.00
For	3-inch meter .....	17.50
For	4-inch meter .....	30.00

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

Schedule No. 3

FIRE HYDRANT RATE

APPLICABILITY

Applicable to fire hydrants throughout the system.

TERRITORY

Within the service area of Hawaiian Gardens, located in unincorporated territory in the vicinity of Carson and Norwalk Boulevards, near Artesia, Los Angeles County.

RATES

	<u>Per Month</u>
For each single outlet fire hydrant .....	- \$ 1.00
For each double outlet fire hydrant .....	2.00