

Decision No. 54708

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

TWIN LAKES PROPERTY OWNERS, INC. }

Complainant, }

vs. }

Case No. 5736

TWIN LAKES PARK COMPANY and
WILLIAM E. LAWRENCE, }

Defendants.

Leroy D. Lowery, for Twin Lakes Property
Owners, Inc., complainant.
Howlett and Weiler, by Elmer H. Howlett, for
Twin Lakes Park Company, defendant.
J. D. Reader and Theodore Stein, for the
Public Utilities Commission staff.

O P I N I O N

By Decision No. 53328, dated July 10, 1956, in Case No. 5736, the Twin Lakes Park Company was declared to be a water corporation, as that term is defined in Section 241 of the Public Utilities Code, and further hearings were ordered for the purpose of inquiring into the "services and practices of this utility".

On January 22, 1957, a further hearing was held in Los Angeles before Examiner Grant E. Syphers, at which time evidence was adduced and the matter submitted.

The principal exhibit (Exhibit No. 2) introduced at the further hearing was a study of the Twin Lakes Park Company prepared and presented by an engineer and an accountant of the Commission's staff. This exhibit and the engineer's testimony in explanation thereof concluded with recommendations that certain improvements be made in the system. It was estimated that the improvements recommended would amount to approximately \$3,195.

In addition an accountant from the Commission's staff presented and explained the financial statements which are a part of Exhibit No. 2, and this testimony resulted in a recommendation that the Twin Lakes Park Company should maintain accounting records as prescribed by the Uniform System of Accounts.

The owner of the Twin Lakes Park Company testified in opposition to some of the technical conclusions set out in Exhibit No. 2, particularly challenging the estimated cost of the reservoirs which the Commission engineer estimated at \$970. The owner stated that the cost should be somewhere between \$2,000 and \$2,500. Likewise he estimated the cost of the pipe to be higher than that shown in the staff exhibit. Further, he challenged the staff's estimate as to expenses in that he alleged they had made no allowance for management or office expenses, and that he personally had spent 113 hours and 37 minutes of time in conducting this operation during the year 1956.

A consideration of all of this testimony leads us to the conclusion, and we now find, that the Twin Lakes Park Company shall file rates in accordance with Appendix A attached hereto. It will be noted that these rates are slightly in excess of those presently being charged by the defendant company. However, the rates presently being charged show a rather unusual blocking as to charges for specific amounts of water, and the rates we now approve are more in line with standard practices of water utilities.

The defendant's present practice of making additional charges for each lot served, where one consumer has more than one lot, will no longer be permitted. The rates we now approve are based upon the quantity of water used by each consumer.

From this record we conclude that the rates as set out in Appendix A, attached hereto, will produce the following results after the recommended improvements are made in the system:

Total Revenue	\$ 4,718.00
Total Expenses	4,508.00
Net Revenue	210.00
Depreciated Rate Base	16,312.00
Rate of Return	1.29%

While we are aware that the above rate of return is low, it is also apparent that this is a new company and that it is entirely possible that as the operation develops the rate of return likewise will develop. We also observe that the rates we now allow are higher than those the company has voluntarily been using in the past. On this record we find these rates to be prima facie just and reasonable. If in the future it develops adjustments should be made, this Commission may review the matter.

Likewise this record discloses that certain improvements in the service should be made, and the following order will so provide.

O R D E R

Complaint as above entitled having been filed, public hearings having been held thereon, the Commission being fully advised in the premises,

IT IS ORDERED:

(1) That the Twin Lakes Park Company, a water corporation, as that term is defined in Section 241 of the Public Utilities Code, within thirty days after the effective date of this order, is authorized and ordered to file the rates set forth in Appendix A attached to the order, together with rules and tariff

service area map acceptable to this Commission, and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public, after filing as hereinbefore provided.

(2) That the Twin Lakes Park Company shall file, within thirty days after the effective date of this order, four copies of a comprehensive map drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of various properties of applicant.

(3) That the Twin Lakes Park Company shall install and put into operation, prior to July 31, 1957, the following improvements to its system. Said company shall notify the Commission in writing within five days after such improvements have been placed in operation.

- (a) Rehabilitate Well No. 4 or otherwise develop an additional water supply of at least 50 gpm. If Well No. 4 is developed or a similar water supply requiring aeration is produced, install pumping equipment capable of delivering at least 50 gpm into a 3,000-gallon aeration tank to be located at the well site.
- (b) If aeration is required, install a booster pump at the tank site capable of delivering 50 gpm into the 34,000-gallon concrete reservoir.
- (c) Install chlorination equipment at Wells Nos. 2 and 3 and at Well No. 4 or the alternate supply developed in compliance with paragraph 3(a) above.

(4) That within sixty days after the effective date of this order the defendant shall file a report with this Commission as to the status of the improvements ordered in the preceding paragraph.

(5) That the Twin Lakes Park Company shall set up on its books the plant accounts and depreciation reserve as of October 1, 1956, substantially as shown in Table 4-A of Exhibit No. 2, and shall file with the Commission, within ninety days after the effective date of this order, a copy of the journal entries used to record said plant accounts and depreciation reserves on its books of account.

(6) Beginning with the year 1957, the Twin Lakes Park Company shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.9 percent. This rate shall be used until review indicates it should be revised. Said company shall review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable utility plant occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to the Commission.

The Secretary of the Commission is directed to cause a copy of this order to be served by registered mail upon the responsible officers of Twin Lakes Park Company.

The effective date of this order shall be twenty days after the date hereof.

Dated at Los Angeles, California, this 26th day of March, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated subdivision, approximately two miles north of Chatsworth, known as Twin Lakes Park, Los Angeles County.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 300 cu.ft. or less	\$5.00
Next 700 cu.ft., per 100 cu.ft.	1.00
Next 1,000 cu.ft., per 100 cu.ft.90
Over 2,000 cu.ft., per 100 cu.ft.75
Minimum Charge:	
For 5/8 x 3/4-inch meter	5.00
For 3/4-inch meter	7.50
For 1-inch meter	12.00

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