

Decision No. 13099.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
A. FERGUSON,
of Oildale, Calif., for permission to
be relieved from public liability.

ORIGINAL

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)
) Application No. 9507.
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Emmons and Aldrich, for applicant.

SHORE, Commissioner:

O P I N I O N

A. Ferguson, who owns and operates a small water system serving a section of the town of Oildale, Kern County, with water for domestic purposes, asks the Railroad Commission for authority to discontinue operation of the plant. The application in this proceeding alleges in effect that in 1918 this water system served approximately fifty-eight consumers, but since that time the Oildale Mutual Water Company has been formed, has installed mains throughout the territory heretofore served solely by the applicant, and has steadily acquired his consumers until on November 6, 1923, there were but thirty remaining. It is further alleged that the revenues receivable for the last four years have been less than the actual costs of operation and maintenance, exclusive of depreciation and any return whatsoever upon the capital invested; and that furthermore any rate designed to

produce a fair return to applicant under existing circumstances would be prohibitive. The Commission is asked, therefore, to authorize the abandonment by applicant of public utility service.

A public hearing in this matter was held at Bakersfield, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The water supply for this system is obtained from a 12 inch cased well 80 feet deep from which the water is pumped directly into the mains or elevated into a 20,000 gallon redwood storage tank by means of an electrically operated Meyer's Bulldozer pump. The distribution system consists of about 3250 feet of two inch black iron pipe and sixty service connections. All service is at the flat rate of \$1.50 per month during the four winter months and \$2.00 per month during the remainder of the year.

The applicant submitted no evidence regarding the value of the system or the revenues and costs of operation, but accepted without objection the report on this matter submitted by M. R. MacKall, one of the Commission's hydraulic engineers.

A summary of this report is as follows:

NUMBER OF CONSUMERS

January 1, 1918	60
" 1, 1919	51
" 1, 1920	48
" 1, 1921	51
" 1, 1922	45
" 1, 1923	31
November 1, 1923	31

REVENUES

1920	\$1250
1921	1023
1922	764
1923*	655

* Month of December estimated.

Estimated original cost of the system as of

November 1, 1923.	\$3793
Annual replacement fund.	138
Maintenance and operating expenses for 1922.	735
" " " " " 1923.	674

Certain expenditures amounting to \$1020 in 1922 and \$24 for 1923 were eliminated from the foregoing operating costs as being more properly chargeable to fixed capital.

The total annual charges based upon the figures set out above amount to \$1115 while the revenues for 1923 will not exceed \$655.

It is clear from the figures presented above that the applicant has not received revenues sufficient to pay the bare costs of operation for the year 1923.

The evidence shows that although the town of Oildale is a thriving and growing community, since 1918 the applicant has suffered a loss of forty-eight per cent. of his consumers with a corresponding reduction of forty-eight per cent. in revenues, both of which may be attributed to the operations of the Oildale Mutual Water Company.

It is apparent that the continued operation of this plant can result only in the further loss of consumers and money by the owner. There is every indication that, should the present

rates be increased to such an extent as to place this plant upon a theoretically profitable basis and insure a fair return upon the investment, the consumers would discontinue service in favor of the mutual company, which now has water mains installed and in operation throughout the entire district served by applicant. This company has larger distribution mains, better equipment and delivers water in greater volume and pressure than the Ferguson system. The applicant's present consumers therefore now have available a more dependable and efficient source of supply from the Oildale Mutual Water Company, which according to the testimony is willing, upon proper application, and is also able to install within thirty days the necessary connections to serve all consumers now receiving water from the Ferguson plant.

Under the circumstances, it is evident that applicant should be permitted to discontinue the operation of the water system after giving the consumers a reasonable time in which to secure other sources of supply.

O R D E R

A. Ferguson having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter,

It Is Hereby Found as a Fact that public convenience and necessity do not require the continued operation of the public utility owned and operated by A. Ferguson and used for supplying water for domestic purposes to residents in a section of the town of Oildale, Kern County, and

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which

precedes this order,

IT IS HEREBY ORDERED that A. Ferguson be and he is hereby authorized to discontinue the operation of the public utility water system, owned and operated by him, and located in the town of Oildale, Kern County, on April 30, 1924.

IT IS HEREBY FURTHER ORDERED that within twenty (20) days from the date of this order A. Ferguson be and he is hereby directed to notify in writing each of the consumers now being supplied with water by this plant, of his intention to discontinue the operation of the system on April 30, 1924.

IT IS HEREBY FURTHER ORDERED that A. Ferguson be and he is hereby directed to furnish this Commission within thirty (30) days from the date of this order, an affidavit setting forth the fact that each of his consumers at Oildale was duly notified of such intention to discontinue the operation of the water system on April 30, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 1st day of February, 1924.

C. Seavey
H. B. Brundage
Irving Martin
Everton Shore

Commissioners.