

Decision No. 15795.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the
SOUTHERN CALIFORNIA EDISON COMPANY,
a corporation, for an order authorizing
it to retire from the business of distrib-
uting water for domestic and irrigation
purposes as a public utility through its
Mound Water System.

Application No. 11,025

E. W. Cunningham, for applicant.
Edward Henderson, District Attorney of Ventura
County, by J. C. Hollingsworth, for County of
Ventura.
Drapeau, Orr and Gardner, by L. C. Drapeau, for
the City of Ventura; and Drapeau, Orr and
Gardner, by L. C. Drapeau, for George D. Power.

DECOTO, Commissioner:

O P I N I O N

Southern California Edison Company, applicant herein,
requests authority to discontinue delivery of water through its
Mound Water System to public utility consumers served therefrom
for any purpose whatsoever because of any obligation that may have
heretofore rested on it to deliver water to said consumers as a
public utility and to retire from the public utility water service
in that specific district.

In support of its application, Southern California
Edison Company alleges the rates in effect are not sufficient to
pay operating expenses on the system; that the cost of operating
the system is such that rates cannot be made effective which will
be reasonable for the service rendered and will result in a return
to the Company; that the system supplying said consumers, and
certain holders of private rights to receive water from the system,
has in general reached the end of its useful life and that the

wells and pipe system cannot be used any longer for the delivery of water to its consumers and that it will be necessary to expend approximately \$85,000.00 if the service now rendered is to be continued; that the consumers receiving service from said system under private rights are stockholders of the Mound Water Company and hold said rights under and by virtue of a contract dated February 1, 1907, between the Ventura County Power Company and the Mound Water Company and that the demands under these private contracts, which are paramount to the public utility consumers' service, are such that the system has no excess capacity for delivering public utility service.

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

The Mound Water Company, a mutual company, was incorporated in 1904 for the purpose of furnishing water for irrigation to certain lands situated east of the town of Ventura. The plant and system constructed by this Company was sold to the Ventura County Power Company in 1907, and thereafter has been operated as a public utility. The system, with certain extensions, was acquired by the Southern California Edison Company in November, 1917, through the purchase of the properties of the Ventura County Power Company. At the time of the sale of the system to the Ventura County Power Company, a contract was entered into between the Mound Water Company and the Ventura County Power Company providing for the delivery of 150 miners' inches of water at a rate of 25 cents per miner's inch day. The Supreme Court of the State of California has held that the stockholders of the Mound Water Company are entitled to receive as a private right, to the exclusion of all other persons receiving water from the system as public utility consumers, all water distributed

through said system up to a flow of 150 miners' inches, as defined in the contract.

The evidence in this proceeding indicates that the water system constructed in 1904 is in a very run-down condition, that to continue service to the holders of private rights under the contract of 1907 and the public utility consumers will require a reconstruction of the major portion of the wells, pumping plant and piping system, at a cost estimated at \$85,000.00; that for the past several years the Company has failed to earn the operating expenses on the system by from \$5,000.00 to \$10,500.00 per year as compared with a gross revenue of between \$8,100 and \$9,200, and that it will be impracticable to increase rates to public utility consumers to an extent which would make the system pay operating expenses. It appears, further, that there are thirty-nine (39) public utility consumers on the system taking water for domestic purposes and that there have been four (4) consumers of surplus water for irrigation purposes during the past two or three years; that the main use of the system is supplying water for irrigation purposes to the consumers holding private rights under the 1907 contract, the record for the year 1924 showing that approximately 20 per cent of the revenue was from public utility service and that approximately 95 per cent of the water distributed was sold to holders of private rights. Of the thirty-nine (39) utility consumers, fifteen (15) are located within the city limits of Ventura and the City contemplates the taking over of the obligation to serve these consumers as conditions make the same possible. There is another public utility water system supplying the general territory covered by the mains of the Southern California Edison Company, known as the Saticoy Water Company, and it appears that by the extension of certain mains practically all of the remaining consumers could be served by the Saticoy Water Company.

That Company has expressed its willingness and ability to serve the largest consumer, the County Hospital, and it would appear that connections can be made with that system to supply the other utility consumers of the Southern California Edison Company system outside of the city limits of Ventura, with the exception of one consumer located near the pumping plant of the Mound System who, it appears, has a well of his own and one located near the eastern city limits of Ventura and north of the Foothill road. The city representatives indicated it would take from one to two years for it to serve certain of consumers in the city. By extensions of certain mains temporary service to these can be given without great expense from the Saticoy Water Company's system.

The Southern California Edison Company served notice on the Mound Water Company, under date of March 31, 1925, to the effect in general that, on December 31, 1925, the Edison Company would convey back to the Mound Water Company all property comprising the Mound Water System and cease deliveries of water under the contract of February 1, 1907, between the Mound Water Company and the Ventura County Power Company. It appears from an expression of the attorney for the Mound Water Company that that Company is not averse to the taking back of the water system, provided it can be freed of any public utility obligations and if satisfactory arrangement with the Edison Company can be made.

I am convinced from the evidence that a solution of the problem can be worked out which should be to the benefit of all concerned and relieve the applicant of the obligation of maintaining service under the extreme conditions of loss which apparently will exist with the continuation of the present situation. With relatively small cost and little inconvenience to the consumers, practically all of the existing consumers can be supplied with

water from either the Saticoy Water Company's system or the system of the City of Ventura. It would also appear that if the system is to be returned to the Mound Water Company, that Company would probably rather have certain of the consumers retained on its system and it is possible that some arrangement might be worked out whereby certain of the present public utility consumers may become stockholders in the mutual water company to the extent of their domestic requirements.

I recommend that the application be granted with the provision that the applicant submit to this Commission for its approval, on or before March 1, 1926, a plan whereby the public utility consumers now being served may be taken care of with reasonably comparable service to that now received.

ORDER

Southern California Edison Company having applied to this Commission for an order authorizing it to retire from the business of distributing water for domestic and irrigation purposes as a public utility through its Mound Water System, Ventura County, the Commission being now fully informed thereon and being of the opinion that the application should be granted,

IT IS HEREBY ORDERED that Southern California Edison Company, a corporation, be and it is hereby authorized to discontinue on and after the 1st day of April, 1926, its public utility water service through its Mound Water System in the vicinity of Ventura, Ventura County, and thereafter be relieved of its public utility obligations in connection therewith upon the condition that the Southern California Edison Company shall have filed with this Commission on or before March 1, 1926, a plan acceptable to this Commission, setting forth arrangements whereby the existing utility con-

sumers may be assured of water service reasonably comparable with that now received and have, by supplemental order, received approval thereof.

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

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 28th day of December, 1925.

H. B. Brandige
C. Seaver
George D. Spence
Ernest A. Cook
Leon Whitall
Commissioners.