

ORIGINALDecision No. 18909

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation on
 the Commission's own motion into the
 reasonableness of the rates, charges,
 practices, contracts, rules, regulations,
 schedules and conditions of service, or
 any of them, of J.J. Horrigan, operating
 a public utility water system in
 Watsonville Junction, California.

Case No. 2379.

A.D. Barber, for Defendant.

Harry See, Lodge 876 Brotherhood of
 Railroad Trainmen, for Consumers.

BY THE COMMISSION:

O P I N I O N

This is a proceeding instituted on the Commission's own motion for the purpose of inquiring into the reasonableness of the rates, charges, practices, contracts, rules, regulations, schedules and conditions of service, or any of them, of J.J. Horrigan, who owns and operates a public utility water system and furnishes water for domestic use in Watsonville Junction, Monterey County.

A great many complaints alleging inadequate and interrupted service have been made by the consumers against the operator of this water system. All informal efforts upon the part of the Commission to have the owner of the utility remedy conditions complained of were ignored. The Commission, therefore, ordered this investigation upon its own motion to determine the reasons, if any existed, for the refusal of J.J. Horrigan to improve the in-

adequate service existing on this system.

A public hearing was held in the above entitled proceeding before Examiner Cannon at Watsonville Junction, Monterey County, after all interested parties had been notified and given an opportunity to appear and be heard.

The evidence shows that in 1910 J.J. Horrigan drilled a well upon his residence property and developed a water supply for his own private use. As a matter of accommodation, he thereafter furnished water to a few neighbors for which service he charged a nominal sum. From time to time, others requested water and he gradually extended the distribution pipes until he now serves the entire community. The water is elevated from a well by an automatically-controlled, electrically-driven centrifugal pump into a 10,000-gallon redwood tank located on a 16-foot tower. Distribution is by gravity to about thirty-seven consumers through approximately 1,950 feet of pipe, ranging from three inches to one inch in diameter.

The rates now in effect are as follows:

MONTHLY FLAT RATES

Dwellings, per month-----	\$1.75
Hotel, per month-----	\$5.00

The testimony of the consumers showed that for several years last past they have been, and are now, compelled throughout the entire summer to store water in their bathtubs for the flushing of toilets and for cooking; that hot water facilities cannot be used because of lack of pressure; that it is rarely possible to have running water in the second story of a building; that the greater part of the time no running water can be obtained on the

ground floors of their homes; that frequently water must be carried from faucets in yards for the flushing of toilets and for domestic purposes; that consumers have repeatedly complained to Horrigan regarding the poor service conditions but have obtained no relief and that the storage tank is not kept filled and cannot be so kept because of the shrunken and dilapidated condition of the staves in the upper half of the tank.

Mr. Horrigan testified that practically all the consumers have lawns and vegetable gardens; that these are irrigated by allowing water to run at all hours of the day and night through open hoses without nozzles; that the waste of water by the consumers is the sole cause of poor service and that all the distribution pipe lines are in good condition.

From the evidence, it is clear that this utility has been mismanaged and that the owner has made no reasonable efforts to provide proper and continuous service, or to take the necessary steps to remedy conditions when consumers have made reasonable complaints. Every utility, as long as it is operating as such, is required by this Commission to give a reasonable and proper service to its consumers for the charges collected, and when service is not proper, it is the duty of the utility, without delay, to take reasonable steps to provide adequate service to consumers when complaint is made. The past operations of this utility have been characterized by a total disregard of the rights of its consumers and the public, wholly unjustified by any of the evidence presented in this proceeding. The Commission will insist that the owner of this utility give proper consideration to his consumers in any and all matters affecting his public utility service and, where complaints are justified, will insist that immediate measures be taken to remedy unsatisfactory conditions. It should be entirely un-

necessary for this Commission to go to the extreme of resorting to a formal proceeding to compel compliance with its informal suggestions and recommendations involving such minor matters.

D.H. Harroun, one of the Commission's hydraulic engineers, presented a report showing that for the year 1926 the revenues and operating expenses of this utility were \$480. and \$300., respectively, according to the annual reports filed by J.J. Horrigan with this Commission, leaving a net operating revenue of \$180. for the year. However, the evidence discloses that said Horrigan is the owner of nine residences in Watsonville Junction which are rented to consumers of water, for which service of water no amounts have been included in the annual reports to the Commission. These additional revenues would increase the total annual gross revenue to \$669. The report of the Commission's engineer further shows that the estimated original cost of the used and useful properties of this utility, as of August 1, 1927, is \$1,860., the replacement annuity \$41., computed by the 5% sinking fund method, and that the sum of \$429. is estimated to be the fair and reasonable amount for maintenance and operation expenses for the immediate future.

Based upon the foregoing figures, the operations for 1926 have resulted in a return somewhat in excess of eight per cent upon the investment. This utility is therefore in an exceedingly prosperous financial condition and from this standpoint has no legitimate excuse for the deplorable service which it has been rendering its consumers.

A summary of the evidence shows that the rates in effect are providing ample revenues to enable the owner Horrigan to give good and proper service; that such service has not been given and that during the summer months the condition generally obtains that

there is not sufficient water delivered to the majority of the consumers to properly provide for the necessary sanitary requirements, resulting in a very serious menace to the health and welfare of the entire community. The evidence further shows that the tank is badly in need of repair and cannot be used to full capacity by reason of its dilapidated condition, and that it is not of sufficient elevation to insure proper pressure.

This Commission will require J.J. Horrigan to repair or replace the present tank so that it may be used to full capacity at all times and to increase the height of said tank so that the bottom thereof shall be at least thirty feet above the surface of the ground at its present location. The automatic control system for the operation of the pump and delivery of water into the tank shall be placed and maintained in proper operating condition to the end that the tank is kept filled to full working capacity to the extent of the well supply and pumping equipment as limited by the demands upon the stored waters by consumers.

The evidence indicates that some consumers have wasted water through open hoses to the detriment of other users. While this may have been the case frequently, it is without a doubt the result of failure on the part of Horrigan to supply proper and adequate water, making it sometimes necessary to so use water in order to obtain any at all. While the Commission entirely disapproves of the irrigating of lawns and gardens through the unrestricted use of water by open hoses in cases where water is not abundant, it is clear in this particular instance that the consumers are not wholly to blame. In order to correct this evil and at the same time to conserve the water supply, it is suggested that the entire system be metered at as early a date as possible. In all events, the owner of this utility should at once install a meter upon

the service of any consumer who shows evidence of carelessness or wastefulness in the use of water in order to protect the other consumers in their right to receive adequate water. As there is no schedule of rates for measured service on this system at present, the order herein will provide for such a rate. The owner of this utility will also be required to file revised rules and regulations with this Commission which, among other things, shall forbid the use of water on flat rate services from open hoses upon penalty of discontinuance of water service for failure to observe.

The owner of this utility may rest assured that this Commission will no longer tolerate the poor service rendered by him; nor will it further permit the past inconsiderate treatment of his consumers and the continued ignoring of the instructions of this Commission. It should be distinctly understood that, in the event said J.J. Horrigan fails to comply properly with the terms of this order and improve, in a manner satisfactory to this Commission, the conditions of service complained of, this Commission will have no other course than to compel such compliance in the manner prescribed by law.

O R D E R

The Railroad Commission of the State of California having instituted an investigation on its own motion into the reasonableness of the rates, charges, practices, contracts, rules, regulations, schedules and conditions of service, or any of them, of J.J. Horrigan, operating a public utility water system in Watsonville Junction, Monterey County, a public hearing having been held thereon and the matter having been submitted,

It is hereby found as a fact that public convenience and necessity require and will require the establishment of a schedule

of meter rates, in addition to the existing flat rates, to be charged by said J.J. Horrigan for any and all measured service to be rendered hereafter by him, and it is hereby further found as a fact that the schedule of meter rates established herein is just and reasonable for such service, and basing its order on the foregoing findings of fact and on the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED AS FOLLOWS:

1. That J.J. Horrigan be and he is hereby authorized and directed to file with this Commission within thirty (30) days from the date of this order the following schedule of meter rates to be charged for all measured service rendered subsequent to the date of this order:

METER RATES

Minimum Monthly Charges:

5/8-inch x 3/4-inch meter-----	\$1.75
3/4-inch meter-----	2.00
1-inch meter-----	2.50
1 1/2-inch meter-----	3.50

Each of the foregoing "minimum monthly charges" will entitle the consumer to the quantity of water which that minimum monthly charge will purchase at the following monthly quantity rates.

Monthly Quantity Charges:

0 to 500 cubic feet, per 100 cubic feet-----	\$.35
Next 500 cubic feet, per 100 cubic feet-----	.25
Next 3500 cubic feet, per 100 cubic feet-----	.15
All over 4500 cubic feet, per 100 cubic feet-----	.12

2. That J.J. Horrigan repair and thereafter maintain the present storage tank so that it may be used to its full working capacity at all times or replace said tank with another tank, in proper condition, of equal or greater capacity.

3. That J.J. Horrigan increase the height of the present tank, or any tank substituted therefor, so that the bottom thereof

shall be at an elevation not less than thirty feet from the surface of the ground at the present location of said tank.

4. That the automatic equipment controlling the operation of the pumping facilities be so adjusted, altered or improved as to maintain the storage tank or tanks in use at full working capacity at all times, subject to the system demands.

5. That J.J. Horrigan complete and have in proper working order, to the satisfaction of this Commission, the improvements directed to be made in the order herein on or before sixty (60) days from the date of this order, and that said J.J. Horrigan notify this Commission in writing of the date of the completion of said improvements within ten (10) days thereof.

6. That J.J. Horrigan be and he is hereby directed to file with this Commission within thirty (30) days from the date of this order revised rules and regulations governing his relations with his consumers, said rules and regulations to become effective upon acceptance for filing by this Commission.

IT IS HEREBY FURTHER ORDERED that, in the event that the improvements ordered herein do not result in producing proper and adequate service to the consumers, this Commission reserves the right to direct, by supplemental order, the installation of such additional improvements as the Commission may in its judgment consider necessary and proper.

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 8th day of October, 1927.

Ernest W. Latta
Chairman

John B. Powell

M. A. Linn
Commissioners