

Decision No. 18943

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the application of
MONTECITO VALLEY WATER COMPANY, a
corporation, for permission to dis-
continue service of water.

Application No. 13777.

Harry W.T. Ross, for Applicant.

Dr. M.M. Yates, in persona propria.

BY THE COMMISSION:

O P I N I O N

In this proceeding as above entitled, Montecito Valley Water Company, a corporation, which owns and operates a public utility supplying water for domestic purposes to certain consumers residing in the westerly portion of the Montecito Valley, Santa Barbara County, asks permission to discontinue its public utility service.

A public hearing in this matter was held at Santa Barbara before Examiner Williams after all interested parties had been duly notified and given an opportunity to be present and be heard.

The Montecito Valley Water Company was incorporated as a public utility in 1886, primarily for the purpose of providing the necessary water supply for certain lands in the Montecito Valley adjacent to the City of Santa Barbara, which were then being subdivided and marketed by Montecito Land Company, a corporation.

The utility's source of supply consists of the right to divert 15 miner's inches of the flow of Cold Springs branch of Montecito Creek and also the right to about 8 miner's inches of the flow from three tunnels in said creek, which rights were awarded the company on October 16, 1905, by final judgment of the Supreme Court of this State, following almost continuous litigation begun in 1888. During the summer months, the natural flow of the creek practically ceases and therefore in the dry season only the 8 miner's inches from the tunnel source of supply is available for distribution to the consumers. The water supply is delivered by gravity from the intake box in the creek to a storage and regulating reservoir of 125,000-gallons capacity and thence to the consumers through iron pipes, largely 6 inches, 4 inches and 2 inches in diameter. At present, there are about 58 consumers of which 28 are metered. The record indicates that the total capital investment of this utility in its present operative properties is approximately \$26,000.

About 1924, the Montecito Valley Water District, a municipal corporation, was formed under the Legislative Act of 1911, and embraces within its boundaries practically the entire Montecito Valley, including all of the area served by applicant's water system. This district has installed its distributing pipe mains throughout the territory and in applicant's service area has laid its mains generally paralleling the utility's distribution system. Furthermore, the district has been supplying water to its consumers for over two years. The evidence shows that, since the district began operating, nineteen of applicant's consumers have wholly discontinued utility service and now receive water from the district system and, in addition thereto, fourteen of applicant's remaining consumers are also connected to the

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district system, using applicant's service largely for domestic use and that of the district for the irrigation of their grounds. The result has been a material reduction in the utility's total annual revenues from water sales.

R.P. Westeway, Superintendent of Construction of the Montecito Valley Water District, testified that the district has available an adequate water supply which is tested regularly and found to be of good potable quality; that its pipe mains as installed were designed and are adequate to take care of the needs of the whole district, and that the district is able and willing to supply all of the utility's remaining consumers and can serve without delay any and all such consumers who apply. The district levies a charge of \$24.00 for each 3/4-inch metered service installed and a proportionate increase for larger sized services. The monthly rates charged its consumers for water delivered are based upon a sliding scale starting at 25 cents per 100 cubic feet for the first 1000 cubic feet per month. An annual tax to cover certain fixed operating charges also is levied uniformly against all the lands within the district, which includes lands owned by utility consumers whether or not such consumers use water from the district system.

A number of consumers entered protests against the discontinuance of this utility service on the grounds, mainly, that the expense to them of making the service connection with the district's system would be burdensome and that the better quality of the utility's water makes it more desirable for drinking and other domestic purposes.

The record of the operations of this utility shows that its revenues obtained from water sales have largely decreased during the past two years, due to the loss of consumers to the district, and that for the year 1926 the total revenues were barely sufficient

to meet the maintenance and operation expenses of the system without providing for any return on the investment in the plant. Ordinarily, relief for such a financial condition could be obtained by increasing the rates charged for service; however, in this case, it is doubtful if an increase in rates would be more than of temporary assistance and would undoubtedly result in a further loss of consumers to the district. Under existing circumstances, it is also apparent that the presence of the district water system will make it practically impossible for the utility to increase the scope of its operations.

A consideration of the evidence presented in this matter indicates that the people in the Montecito Valley have formed their own water district for the purpose of supplying water for domestic and other purposes to their lands and have installed and have now in operation water distributing facilities adequate to supply all demands within its boundaries, and that the district is now ready and willing to supply all of applicant's consumers upon demand. In view of the fact that the operations of the district have resulted in making the future conduct of this utility impracticable, except at an ever increasing financial loss, it appears to be unnecessary and unreasonable to require applicant to continue further utility water business. The application therefore will be granted.

ORDER

Montecito Valley Water Company, a corporation, having applied to this Commission for permission to discontinue service of water to its consumers and to be relieved of its public utility obligations, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the premises,

IT IS HEREBY ORDERED that Montecito Valley Water Company,

a corporation, be and it is hereby authorized to discontinue, on or after the first day of February, 1928, the service of water to all of its consumers in Montecito Valley, Santa Barbara County, and thereafter be relieved of all public utility obligations and liabilities in connection therewith, subject to the following terms and conditions:

1. Within ten (10) days of the date of this order, said Montecito Valley Water Company shall notify, in writing, each of its consumers of its intention to discontinue service of water to them on or after February 1, 1928.
2. Within thirty (30) days from the date of this order, said Montecito Valley Water Company shall file with this Commission an affidavit setting forth that all of its consumers have been duly notified as herein provided.
3. On or before the first day of March, 1928, Montecito Valley Water Company shall file with this Commission a complete financial statement covering its operations for the year ending December 31, 1927.

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 25th day of October, 1927.

Ernest C. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners.