MRM/CEH

Decision No. 19688

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of Chichizola Estate Company for a certificate or order authorizing applicant to discontinue public service and distribution of water at Jackson Gate, Amador County, California.

Application No. 14386.

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Wm. G. Snyder, by Ralph McGee, for Applicant.

T.G. Negrich, for Protestants.

BY THE COMMISSION:

## <u>o p i n i o n</u>

In this proceeding, Chichizola Estate Company, a corporation, owning and operating a public utility water system at Jackson Gate, near Jackson, Amador County, asks for authority to discontinue the water service to its consumers. Applicant alleges in effect that, in order to continue the service, it will be necessary to expend several thousand dollars for the installation of new mains; that the system is being operated at a loss under the rates in effect; that to provide a proper return upon the investment in the water system would require an increase in rates greater than the consumers could afford to pay. Applicant further alleges that it is ready and willing to give the present system to the consumers without cost, provided it is permitted to discontinue its utility service.

A public hearing in this proceeding was held before Examiner Rowell at Jackson.

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The water supply of this utility is purchased from the Pacific Gas and Electric Company's ditch system and conveyed to a small regulating reservoir, from which it is distributed to about twenty-two consumers, all but one of which is metered. There is a total of 7,000 feet of mains on the system.

The rates in effect were established by the Commission in its Decision No. 12005, dated May 2, 1923, (23 C.R.C. 393), and are as follows:

## Monthly Meter Rates:

GEH

For 5/8 x 3/4-inch meter-----\$2.00 Monthly Flat Rates:

Each dwelling or building, per month------\$2.00

The question of the discontinuance of public utility service by this applicant was before the Commission in 1923, at which time such permission was refused. The evidence in this proceeding shows that this company has been supplying water continuously to its consumers for a period of forty years last past and that the consumers have no other source of water service available that can be procured at a reasonable cost. The present pipe lines have become almost entirely worn-out and require immediate replacement, and at the present time the company has already under construction a new and independent water system which it desires to devote solely to supplying its own private enterprises, although the system can also adequately furnish the needs of all its present consumers and many others in addition thereto who are willing and anxious to receive utility service.

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The testimony of William Stava, one of the Commission's hydraulic engineers, indicates that applicant has, during the past several years, realized a net return slightly in excess of five per cent upon its investment and in the future, from the operation of its new water system, should receive a net return of not less than six and one-half per cent upon the actual cost of said plant, provided service is extended to some thirteen new consumers now desiring water from the utility.

Under these circumstances, it is apparent that the Commission would be wholly unjustified in granting applicant's request to abandon this public utility water system and be relieved from its duties and obligations to serve the public.

## <u>O R D E R</u>

Chichizola Estate Company, a corporation, having applied to the Commission for authority to discontinue water service at Jackson Gate, near Jackson, Amador County, a public hearing having been held thereon, the matter being submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the application herein be and the same is hereby denied.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this <u>17</u> day of <u>April</u>, 1928.

missioners.

CEE