

ORIGINALDecision No. 28745

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
 APTOS WATER COMPANY for an order ap-
 proving or fixing rates, rules and
 regulations.

Application No. 15104.

Hankins & Hankins, by Olin F. Nuckols,
 for Aptos Water Company.

BY THE COMMISSION:

O P I N I O N

In this proceeding, Aptos Water Company, a corporation, engaged in the business of producing and selling water in and in the vicinity of Aptos, Santa Cruz County, asks the Commission to establish a revised schedule of rates to be charged its consumers and to approve its rules and regulations.

A public hearing in this matter was held before Examiner Satterwhite at Santa Cruz.

This water system was installed about 1888 by the late Claus Spreckels primarily to supply water for domestic and irrigation purposes to his Aptos Ranch. From time to time, people living along and near the transmission mains were permitted to receive water by installing their own connecting pipe lines. As a result of this practice, there are now thirty-five consumers residing in the community of Aptos receiving water from this original ranch system. The Aptos Ranch, together with the water works, has been acquired by Peninsula Properties Company, a corporation, which

has recently subdivided and placed upon the market an area containing approximately 2,200 acres situated adjacent to the Town of Aptos. This corporation has formed and organized the Aptos Water Company which has taken over the ownership and management of the original ranch water works and has also installed a new system, interconnected therewith, to supply the new tract. At present, there are thirty consumers in the subdivision but, as yet, none of them have been charged for water service.

The water supply formerly was obtained by diversion from creeks but at present all domestic water is derived from wells and pumped into two concrete-lined reservoirs having a total capacity of 302,000 gallons. The transmission and distribution system consists of 72,450 feet of mains ranging in size from ten inches to one inch in diameter. The class of service on the new tract will not be continuous throughout the year but will be more in the nature of a summer-home demand, although the consumers will require the availability of service for week-end and other occasional use, both summer and winter.

The rates now in effect on this system were filed on October 17, 1913, by the Estate of Claus Spreckels, and are as follows:

Monthly Flat Rates:

1. Residences, domestic and household use only-----	\$ 1.50
2. Hotels, packing houses, evaporators and stores----	2.00
3. Railroad stations for railroad uses-----	11.50
4. Minimum monthly charge-----	1.50

The evidence shows that the estimated original cost of the physical properties of this water works as submitted by the Commission's engineers amounted to \$59,699. as of January 1, 1928. The operating expenses have heretofore been combined with the real

estate operations of the parent company and no accurate segregation of the costs thereof has been possible. Applicant, however, does not ask for or expect at this time a fair return upon its investment but requests only that the Commission now establish a reasonable rate based upon the charges in effect on other water systems in the same general section of the state operating under similar conditions.

According to the testimony, the present flat rate method of water delivery has permitted many consumers to use such large quantities of water that unsatisfactory service conditions have resulted in those sections located at the higher elevations. The installation of meters, as requested by applicant, should eliminate any general tendency on the part of some few consumers to use water wastefully or extravagantly to the inconvenience of their neighbors and, for this reason, a schedule of meter rates will be established. Measured service will spread the charges more equitably in accordance with the actual use of water and undoubtedly should improve service conditions by making more water available. In order to provide a basis for charging for water delivered until meters have been installed, the present schedule of flat rates will be continued in effect.

Several consumers present at the hearing in this proceeding complained about the quality of the water testifying that at times the water supplied to their homes was filled with sediment and objectionable foreign matter. The evidence shows that originally the owner of the water system did not install service pipes for his customers but permitted those persons applying for water to tap the transmission mains and install their own pipe lines. The consumers installed as many services as they considered convenient to supply their individual premises. These service pipes were laid at random and frequently across inter-

vening private property of neighbors, and also often were tapped or extended by others desiring water. This practice has resulted in a maze of individual pipe lines of inadequate size and with many dead-ends, which latter condition allows sediment to be deposited within the pipe and the water to become stagnant and unsatisfactory for domestic use. To remedy this condition and prevent its recurrence in the future, applicant will be expected to take immediate steps to disconnect from its system all such private service pipes as may detrimentally affect the quality of the water and, without delay, replace them with a separate and single service connection for each individual consumer. A large portion of the above replacements will be necessary when meters are installed in order to insure that no consumer is charged for any part of the water supplied to his neighbors.

In connection with the records and accounts of its public utility transactions and operations, applicant herein shall at once set up and thereafter maintain a system of accounting as prescribed by this Commission in its Uniform Classification of Accounts for Water Corporations. Said system of accounts shall at all times be maintained entirely separate and distinct from any other business of a private nature, or otherwise, engaged in by said applicant, or its parent corporation, or its affiliated companies or organizations, if any. The testimony indicated that no charges have been made by applicant to the Peninsula Properties Company for water furnished for construction and other general development purposes. This company stands in the same position as any other water user and shall be so carried in the books and records and billed according to use of water under the regularly established rates in effect for such service.

The filing of revised rules and regulations will be

provided for in the following Order.

O R D E R

Aptos Water Company, a corporation, having filed application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

It is hereby found as a fact that the present rates of Aptos Water Company, a corporation, in so far as they differ from the rates herein established, are unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged by said company for water service.

Basing its order upon the foregoing findings of fact and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Aptos Water Company, a corporation, be and it is hereby authorized and directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates, said rates to be charged for all service rendered subsequent to January 31, 1929:

METER RATES
APPLICABLE FOR CONTINUOUS ALL-YEAR SERVICE
IN TOWN OF APTOS

Minimum Monthly Charges:

5/8 x 3/4-inch meter-----	\$ 1.50
3/4-inch meter-----	2.00
1-inch meter-----	2.50
1 1/2-inch meter-----	3.25
2-inch meter-----	4.50
3-inch meter-----	10.00

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 Rates:

0 to	500 cubic feet, per 100 cubic feet-----	\$.30
Next	1,000 cubic feet, per 100 cubic feet-----	.25
Next	2,500 cubic feet, per 100 cubic feet-----	.20
Over	4,000 cubic feet, per 100 cubic feet-----	.15

METER RATES
FOR SERVICE OUTSIDE THE TOWN OF APTOS

The following minimum charges entitle the consumer to the maximum quantity of water for each month of a period of eight consecutive months in any calendar year as indicated for the size of meter used. These minimum charges are payable annually in advance on or before the first day of May of each year of service, except, however, that service may be obtained prior thereto at any time upon payment of said minimum charge.

: Size of Meter	: Maximum Monthly Allowance of Water	: Minimum Charge
5/8 x 3/4"	500 cubic feet	\$12.00
3/4"	700 cubic feet	16.00
1"	900 cubic feet	20.00
1 1/2"	1,200 cubic feet	26.00
2"	1,750 cubic feet	36.00
3"	4,667 cubic feet	80.00

Quantity Rates:

0 to	500 cubic feet, per 100 cubic feet-----	\$.30
Next	1,000 cubic feet, per 100 cubic feet-----	.25
Next	2,500 cubic feet, per 100 cubic feet-----	.20
Over	4,000 cubic feet, per 100 cubic feet-----	.15

The foregoing "Quantity Rates" will apply for all service used in excess of the above "Maximum Monthly Allowances of Water" and for all service rendered during other months of the calendar year not included in the eight-month period.

For service during months of calendar year not included in the eight-month period, the "Monthly Minimum Charges" established for the Town of Aptos shall apply.

MONTHLY FLAT RATES

1. Residences, domestic and household use only-----\$ 1.50
2. Hotels, packing houses, evaporators and stores-- 2.00
3. Railroad stations for railroad use----- 11.50
4. Minimum monthly charge----- 1.50

Any consumer throughout the entire system is entitled to metered service upon application therefor and the utility may meter any and all service connections.

Service rendered for construction purposes and similar classes of use shall be charged under the schedule of rates established for the Town of Aptos.

IT IS HEREBY FURTHER ORDERED that Aptos Water Company, a corporation, shall file with this Commission, within thirty (30) days from the date of this Order, rules and regulations to govern its relations with its consumers, said rules and regulations to become effective upon their acceptance for filing by this Commission.

For all other purposes, the effective date of this Order shall be thirty (30) days from and after the date hereof.

Dated at San Francisco, California, this 4th day of February, 1929.

David L. Lott

W. J. Lacey

Edward C. Lacey

Leon Whiskey

W. J. Lacey

Commissioners