

Decision No. 10607.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
W. E. SMITH for adjustment and es-  
tablishment of rates for service of  
water in the Town of Blairsden, Plu-  
mas County, California.

ORIGINAL

Application No. 7530.

H. A. Encell and Francis Carr, by H. A.  
Encell, for applicant.

Issadore Riffel in relation to his con-  
tract with C. A. Jones, predecessor  
in interest of W. E. Smith, and for  
Martin E. Miller.

James L. Jones, in propria persona.

BY THE COMMISSION.

O P I N I O N

W. E. Smith, doing business under the name of the Blairs-  
den Water Company's System, applicant herein, is engaged in furn-  
ishing water for domestic purposes in the Town of Blairsden,  
Plumas County.

Applicant asks that it be determined by the Railroad Com-  
mission that applicant is a public utility with the right to  
collect rates and charges for delivery of water through his sys-  
tem and that an adjustment and establishment of said rates be  
made by the Railroad Commission; also for the ratification of  
the transfer of the water system from C. A. Jones to W. E. Smith,  
made October 5, 1918.

A public hearing was held in this proceeding at Blairsden,  
Plumas County, at which all of applicant's consumers were duly

notified and given an opportunity to appear and to be heard.

This system was constructed in 1912 by C. A. Jones and transferred by him to W. E. Smith and wife on October 5, 1918, without authority from the Railroad Commission.

By an agreement with the Western Pacific Railroad Company, the Blairsden Water Company's System erected a 5000 gallon tank on the Railroad Company's right of way, into which the overflow from the Railroad Company's water tank is delivered. This constitutes the water supply.

The distribution system consists of 443 feet of 2-inch standard screw pipe and 300 feet of 1-inch standard screw pipe, which delivers water to three consumers between the tank and the Blairsden Hotel, owned by W. E. Smith, and to the Blairsden Hotel. The Blairsden Water Company does not claim ownership of the pipe line beyond the hotel.

It appears that subsequent to the sale of the water system, C. A. Jones left this State and his present whereabouts are unknown. It will therefore be impossible to secure his participation in a joint application for permission to transfer the system, as is provided for by the Public Utilities Act. It further appears that the transfer was made in good faith and with no intent of violating the Public Utilities Act. Under these circumstances it appears that W. E. Smith's title to the water system should be recognized by this Commission.

In 1914 Isadore Riffel and Rial Beaton each paid \$25.00 to C. A. Jones for the right to connect a pipe line to the Blairsden Water Company's pipe line and to use water therefrom on their premises without any further charge, Riffel and Beaton to furnish all pipe and do all necessary labor without any expense to C. A. Jones. Riffel and Beaton laid the pipe line at their own expense below the hotel and connected with the Blairsden Water

Company's System at the hotel. The cost to Riffel and Beaton of laying this pipe line was \$98.00.

Six consumers, at their own expense, have made connection with Riffel and Beaton's pipe line and have paid their proportion of the original cost of the installation of Riffel and Beaton's pipe line to Riffel and Beaton.

The rates charged consumers have ranged from \$1.50 to \$4.50 per month, depending on water use. There are 12 consumers, including Riffel and Beaton, all on flat rates.

At the time C. A. Jones sold a perpetual water right to free water to Isadore Riffel and Rial Beaton, C. A. Jones had become a public utility. His water supply and system had been dedicated to public use. A private right cannot be carved out of a public use. It is therefore impossible to convey to Isadore Riffel and Rial Beaton a private water right out of the supply already dedicated to public use. All consumers, both on the utility line and on the private extension, should pay for water used.

At the hearing it developed that some consumers had not paid for water used for some months because of the question of the Blairsden Water Company's right to collect for service rendered through privately owned pipes.

Applicant did not present an appraisal of his property, but accepted the appraisal of the Railroad Commission's engineer.

Mr. D. H. Harroun, one of the Commission's engineers, presented a report covering the results of a field investigation, an appraisal of the property, and an estimate of the cost of maintenance and operation. His appraisal shows an estimated original cost of the physical properties of the system of \$304 and recommends \$6 as a proper replacement annuity, computed by the 6 per cent. sinking fund method. This report also recommends the sum of \$97 as a fair and reasonable estimate of the annual operation and maintenance expense. These estimates appear

reasonable and will be used for the purpose of this proceeding.

The following is a summary of the annual charges as indicated above:

Return on \$304 at 8% . . . . .	\$24
Replacement annuity, 6% sinking fund. . . . .	6
Maintenance and operation cost. . . . .	97
Total estimated annual charges . . . . .	\$127

The schedule of rates established in the following order is designed to produce annually a sum sufficient to meet maintenance and operating expenses, replacement annuity and to yield to applicant a reasonable return on his investment.

O R D E R

W. E. Smith having made application as entitled above, a public hearing having been held, and the matter having been submitted:

It is Heroby Found as a Fact that the water system at Blairsdén, Plumas County, owned and operated by W. E. Smith under the fictitious name of the Blairsdén Water Company's System, is a public utility, subject to the jurisdiction of the Railroad Commission, and that the rates and charges of the Blairsdén Water Company's System in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates and charges herein established are just and reasonable rates.

And basing its order on the foregoing finding of fact and on the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that the Blairsdén Water Company be and it is hereby authorized and directed to file with this Commission within twenty (20) days from the date of this order the following rates, said rates to be charged for all service rendered subsequent to June 30, 1922:

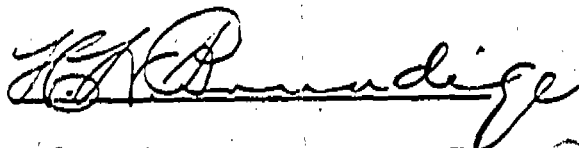
FLAT RATES

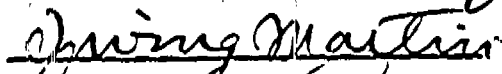
Residence or store . . . . .	\$0.75	per month
Garage . . . . .	1.00	" "
Hotel. . . . .	2.00	" "

IT IS HEREBY FURTHER ORDERED that the Blairsden Water Company file with this Commission for its approval, within thirty (30) days from the date of this order, rules and regulations to govern its relations with its consumers.

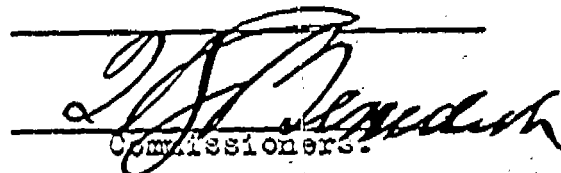
IT IS HEREBY FURTHER ORDERED that the transfer of the Blairsden Water Company's System heretofore made from C. A. Jones to W. H. Smith be and the same is hereby authorized and confirmed.

Dated at San Francisco, California, this 22d day of June, 1922.







  
Commissioners.