

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

In the Matter of the Application)	
of FRANK KUMMETH for Permission)	
to Sell the Sanger Water Works)	<u>Application No. 1041.</u>
to the City of Sanger, and of the)	
City of Sanger to Purchase said)	
System.)	

Appearances

George Cosgrave for Frank Kummeth
Board of Trustees of Sanger for the
City of Sanger.

✓ GORDON, Commissioner:

OPINION.

Frank Kummeth has applied to this Commission for permission to sell the Sanger Water Works to the City of Sanger, in the County of Fresno, State of California, and a similar application was filed by the City of Sanger, asking permission to purchase this system at a price to be fixed by this Commission.

These applications are the result of the desire of the City of Sanger to own and operate its own water system.

Since September 1, 1904, Frank Kummeth has been engaged in supplying and selling water to the inhabitants of the City of Sanger and contiguous territory. He is the sole owner of a water system, which consists of distributing pipes, a well, tank, pumping plant and the land necessary therefor.

By a special election held in the City of Sanger on December 9, 1913, the Board of Trustees of the City of Sanger was regularly authorized to issue bonds for the acquisition of the existing water system in Sanger and the construction and

completion of a more extended system.

A complete description and inventory of the property to be transferred is attached to the application of the City of Sanger and marked "Exhibit B." This inventory was compiled by the City Engineer of Sanger.

A hearing was held on these applications on April 6, 1914, at Sanger. At this hearing considerable testimony was introduced tending to show the value of the different portions of this water system. The first item in the inventory consists of a tract of land 100 feet square, and upon which the present pumping plant is located. A large number of witnesses expressed their opinion as to the value of this parcel of land, its value being variously estimated at from \$1200 to \$3700. Based upon a short field investigation, a tentative valuation of the physical properties of this system was presented at the hearing by the Commission's hydraulic engineers, with the stipulation that such valuation be subject to additional information to be gathered subsequent to the hearing.

The owner of this plant has no record of its cost, nor has he kept any accurate account as to the net revenue derived therefrom, so that it is impossible to determine either the original cost of this plant or the net return per annum. Considerable doubt was cast upon the value of the distributing pipes in this water system. These pipes are of second-hand boiler tubing, and it was contended by the City Engineer of Sanger that they were improperly dipped, of poor quality, and that they might not withstand a pressure of 100 pounds, which is the pressure the city expects to establish in the proposed enlarged system. In order to determine the condition of this pipe it was stipulated that the Engineer of the Commission, in conjunction with the City Engineer of Sanger, make a further examination of this pipe.

Based upon the Engineers' report resulting from this investigation, I am of the opinion that while the dip on this pipe is thin and poorly applied, the pipe itself is of a reasonably good quality and should, under the moderate pressure now maintained, serve a useful life for many years to come. This pipe is now sustaining a pressure of about 35 pounds with excellent results, but it was not possible to test this pipe with a greater pressure than this, due to the fact that no such pressure is obtainable for this purpose. It is my belief, however, that it is not necessary for the purpose of this valuation to apply a test of 100 pounds in determining the quality of this pipe, although if it had been possible this should have been done.

It is my opinion that the valuation of this plant must be determined, based upon the purpose and manner in which it is now used. While it is evident that the manner of its use will be materially changed if it becomes a portion of an enlarged municipal system and as a consequence its value decreased, nevertheless, it is manifestly erroneous to conclude that the component parts of this system, which are now adequately performing their present functions, and will continue to so adequately perform them if permitted, have any lesser value at this present time because of some future different and less valuable use.

With the additional information obtained on and after the hearing the Commission's Engineer finds the value of the physical property of this plant to be as follows:

Reproduction cost - - - -	\$10400
Less depreciation - - - -	1887
Present value- - - -	<u>\$8513</u>

It appearing that it is to the best interests of the City of Sanger to own and operate its own water system and in furtherance of this end, that permission should be granted to Frank Kummeth to sell, and the City of Sanger to buy the present

water system, I recommend the following order:

O R D E R.

FRANK KUMMETH having filed with this Commission a petition to sell the Sanger Water Works to the City of Sanger, a municipal corporation, in the County of Fresno, State of California, and said City of Sanger having filed an application with this Commission for permission to purchase said water works at a price to be fixed and determined by this Commission, and a hearing having been held and being fully advised in the premises.--

IT IS HEREBY ORDERED, that Frank Kummeth be given permission to sell to the City of Sanger, a municipal corporation, for the sum of eight thousand five hundred and thirteen dollars (\$8513) that certain water system known as the Sanger Water Works and more particularly described as follows:

REAL ESTATE:

The easterly 100 feet of lots 13, 14, 15 and 16 in Block 132, City of Sanger, Fresno County, California.

PUMPING PLANT:

Galvanized iron storage tank on frame tower; frame pump-house with concrete pump pit containing 6-inch cased well and one single stage 3-inch Price pump direct connected to 10 h.p. type C.C.L. Westinghouse induction motor on cast iron base, with oil switch, pressure gauge wiring, suction and discharge pipes, fittings and other equipment necessary thereto;

1 Frame shop building, containing tools, meters, stock on hand and miscellaneous equipment, more particularly described in Exhibit B, attached to the application of the City of Sanger;

All of the above located on the above-described easterly 100 feet of lots 13, 14, 15 and 16, Block 132, City of Sanger.

DISTRIBUTING SYSTEM:

170	linear	foot	of	1	inch	Standard	Screw	Pipe;
830	"	"	"	1 $\frac{1}{2}$	"	"	"	"
2160	"	"	"	2	"	"	"	"
10280	"	"	"	4	"	"	"	Casing
1050	"	"	"	6	"	"	"	"

All of the above pipe being laid in the streets and alleys of the City of Sanger.

All specials, fittings, valves, gates, etc. attached to the above described distributing pipe;

All meters and service connections.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15th day of April, 1914.

H. D. Loveland
Alex. Gordon
Edwin O. Edgerton

Commissioners.