

ORIGINAL

Decision No. 1662

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the Application of PASADENA PARK IMPROVEMENT COMPANY for authority to transfer its water system to Pasadena Consolidated Water Company and of PASADENA CONSOLIDATED WATER COMPANY to supply consumers of water in the territory heretofore supplied by Pasadena Park Improvement Company and to charge said consumers the regular rates now charged the other consumers on the system of Pasadena Consolidated Water Company.

Application No. 1130.

J. S. Coulston for Pasadena Consolidated Water Company.
Leo G. MacLaughlin for Pasadena Park Improvement Company.

THELEN, Commissioner.

O P I N I O N.

This is an application by Pasadena Park Improvement Company for an order authorizing the company to transfer its entire water system to Pasadena Consolidated Water Company and of the latter company to serve the territory heretofore served by Pasadena Park Improvement Company at the water rates regularly charged to consumers of water from the system of Pasadena Consolidated Water Company.

Pasadena Park Improvement Company was incorporated on August 25, 1905, for the purpose primarily of engaging in the real estate business and particularly to develop and sell a tract of some 320 acres commonly known as Pasadena Heights Tract. While under its articles of incorporation the company had no power to engage in the water business, the company nevertheless piped its entire tract, installed a well and reservoir, and proceeded to deliver water to purchasers of its lots. Under the constitution and statutes of this state, the company is clearly a public utility, and hence must receive this Commission's authority, as provided by Section 51 of the Public Utilities Act, before it can transfer its water system. The

company has a total of some 92 customers who take water primarily for domestic purposes and pay therefor flat rates ranging from \$1.25 to \$2.00 per month, the rate depending upon the number of rooms in the house. About one half the customers have been charged at the flat rate of \$1.50 per month. Mr. Coulston estimates that the entire system in its present condition is worth about \$18,000.00.

During the last two years the Improvement Company has been unable during portions of the summer months to deliver to its customers any water from its own system, but has called upon the Pasadena Consolidated Water Company, which company, merely as a matter of courtesy, has supplied the necessary water. Pasadena Consolidated Water Company is now unwilling to continue this service and has notified the improvement Company of its position.

The evidence shows that the well of the Improvement Company sands up, that its bore is not straight and that it cannot be relied upon to yield an adequate supply of water to the customers of the Improvement Company, particularly during the summer season.

Under the circumstances, the Improvement Company and the Pasadena Consolidated Water Company have agreed that the Improvement Company shall convey its entire water system as a gift to the Pasadena Consolidated Water Company, and that the latter shall agree to deliver to the customers of the Improvement Company an adequate supply of water at the same rates which the Pasadena Consolidated Water Company now charges to its own customers or such rate as may hereafter be established by the Railroad Commission. Pasadena Consolidated Water Company has already at its own expense installed a meter for each customer of the Improvement Company and ^{will} repair and renew the system as it becomes necessary to do so.

Pasadena Consolidated Water Company owns 7000 shares of the capital stock of Precipice Canon Water Company and has sunk two wells from which it can pump a maximum of 140 miners' inches of water per day. The company has considerably more water than it needs and is able and willing to give to the customers of the Improvement Company a better and much more dependable service than they have been getting.

The proposed transfer would undoubtedly be of advantage to the Improvement Company because it will relieve the company of its responsibility as a water utility and will improve the sale of its remaining lots by the establishment of good, dependable water service. The transfer would be advantageous to Pasadena Consolidated Water Company because it would give the company a field for disposing of some of its surplus water and a considerable additional revenue without a commensurate increase in expense.

The present customers of the Improvement Company would benefit by a better and more dependable service. Their rates, however, would in some cases be increased. As hereinbefore stated, the Improvement Company has been charging flat rates of from \$1.25 to \$2.00 per month, depending upon the number of rooms in the house. The rates of Pasadena Consolidated Water Company for a similar service - i.e., domestic service, including the irrigation of small patches of lawn, flowers and shrubbery - are all on a meter basis and are as follows: \$1.50 for the first one thousand cubic feet of water, the minimum charge to be \$1.50 per month for each meter in use, whether one thousand cubic feet of water are used or not, with an additional rate of 12 cents per 100 cubic feet for the second one thousand cubic feet in any one month, and 8 cents per 100 cubic feet for all additional water.

During June, 1913, out of 68 active customers of Pasadena Consolidated Water Company, only 18 used more than 1000 cubic feet of water. These consumers use the water under substantially similar conditions, apart from the measurement of the water, as obtain on the Pasadena Heights Tract. If the same conditions obtained on the Pasadena Heights Tract, most of the present consumers would continue to receive their water for \$1.50 per month throughout all except the summer months. A revision of the minimum may hereafter be necessary.

Several residents of Pasadena Heights, however, appeared at the hearing and presented water bills showing a consumption of from 1310 to over 2000 cubic feet of water during a period of only two weeks during the latter half of June. If this consumption were

continued, the result would be bills considerably in excess of \$1.50 per month. Mr. W. E. Searisbury, City Commissioner of Pasadena, explained that the city of Pasadena has had a similar experience with patrons whom it has changed from a flat basis to a meter basis. It is undoubtedly true that the existence of a flat basis encourages waste of water and that when the basis is changed to a meter basis, it takes some time before the consumption is brought down to a normal metered consumption.

None of the consumers of the Improvement Company's system who were present at the hearing which was held in Pasadena on July 7, 1914, voiced any objection to the transfer. They welcomed the change to the larger and more adequate water supply of the Pasadena Consolidated Water Company, but were very naturally solicitous about the effect on their monthly bills. I find that the contemplated transfer is in the public interest and am of the opinion that it should be allowed. I also am of the opinion that Pasadena Consolidated Water Company should charge to all its customers a uniform rate for the same service. At the same time, I realize that a hardship may be worked on the existing patrons of the Improvement Company unless they are given some time in which to adjust themselves to the changed conditions. I shall accordingly recommend that while the transfer may be effected at once, the old rates shall continue in effect until October 1, 1914, after which time the regular rates of Pasadena Consolidated Water Company will become effective. I desire to draw attention also to the fact that the order in this case is by no means conclusive on the question of rates and that if after October 1, 1914, the consumers to be taken over from the Improvement Company believe that their rates are unfair, any twenty-five of them may join in a formal complaint to the Railroad Commission, as provided by Section 60 of the Public Utilities Act, whereupon the case will be set down for hearing and carefully and fully investigated.

I submit herewith the following form of order:

O R D E R:

A public hearing having been held in the above entitled proceeding and the proceeding having been submitted and being ready for decision and the Railroad Commission finding that public convenience and necessity will be served by granting the application subject to the conditions herein specified,

IT IS HEREBY ORDERED as follows:

1. Pasadena Park Improvement Company, a public water utility, is hereby authorized to convey to Pasadena Consolidated Water Company its entire water system located on Pasadena Heights, Los Angeles county, California, and described as follows:

The west twenty-five (25) feet of Lot one hundred and twenty-three (123) and the east twenty-five (25) feet of Lot one hundred and twenty-two (122) of Tract No. 208, Los Angeles county, as per map recorded in Book 14, page 98, of Deeds, Records of Los Angeles county, California.

Also all pipe lines laid in the streets in Tract No. 208 and Pasadena Heights Tract or any resubdivision thereof by Pasadena Park Improvement Company, and all buildings, pumping machinery and pipe lines belonging to said Pasadena Park Improvement Company which are used in supplying domestic water to the residents of said tracts.

2. Pasadena Park Improvement Company shall, after execution, file with the Railroad Commission a certified copy of its deed of conveyance.

3. Pasadena Consolidated Water Company is hereby authorized to serve water to the territory heretofore served by Pasadena Park Improvement Company, and to charge therefor after October 1, 1914, the regular rates of said company as the same are now or may hereafter be established. Until October 1, 1914, Pasadena Consolidated Water Company shall continue to charge the patrons of Pasadena Park Improvement Company the rates heretofore charged by said company, notwithstanding the installation of meters.

4. This order is made subject to the power of the Railroad Commission to establish, from time to time, just and reasonable rates to be charged by Pasadena Consolidated Water Company, and on the condition that Pasadena Consolidated Water Company shall not in any rate inquiry urge that it is entitled to a return on the value of the property which is now being donated to it by Pasadena Park Improvement Company, further than the extent, if at all, to which the Railroad Commission may find that it may be fair and equitable to allow a return thereon.

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 9th day of July, 1914.

H. D. Ireland
W. G. Ford
W. A. Sullivan

Commissioners.