

ORIGINAL

Decision No. 1690

In the matter of the Application of :  
Pasadena Consolidated Water Company :  
for a ruling on the question of : Application No. 717.  
charges for meters and service :  
connections. :

J. B. Coulston for Pasadena Consolidated Water  
Company.

THELEN, Commissioner.

O P I N I O N.

This is an application by Pasadena Consolidated Water Company for a ruling on the question whether the company may continue to make a charge for service connections and meters. The company has been charging \$15.00 for each connection for a five-eighths inch meter and \$25.00 for each connection for a one-inch meter. About twelve new connections are made each year, so that the money involved in this application is not large.

A public hearing on this application was held in Pasadena on October 3, 1913. The decision has been held in abeyance awaiting the decision of the Supreme Court of this State in the so-called Glendale case (City of Glendale vs. Title Guarantee and Trust Company, Trustee, Vol. 2, Opinions and Orders of Railroad Commission, p.989). However, as it is possible that the decision in that case may have no direct bearing on unincorporated territory, such as that here involved, I have decided to submit my opinion without further delay.

Applicant supplies water for domestic and irrigation purposes to persons desiring the same in a tract of some one thousand acres lying directly east of the City of Pasadena. Applicant relies for

authority to make the service connection and meter charge, on the language of certain contracts which it made with the owners of the tracts constituting the one thousand acres at the time applicant began the operation of its system. These tract owners desired an adequate supply of water, largely to enable them to sell lots in their respective tracts, and agreed to construct the mains in their respective tracts and to donate them to applicant in addition to other considerations, and applicant in turn agreed to supply water at rates specified in the contracts. Each of these contracts contains a sentence as follows:

"The first party (Pasadena Consolidated Water Company) further agrees to supply and install meters (said meters and cost of installing the same to be paid for by the consumers of water) and to regulate the use of same in accordance with such reasonable rules as it may hereafter adopt for the furnishing of water."

The contracts also provide that subsequent purchasers of land in the respective tracts shall be entitled to the benefits thereunder and also "shall take said land and receive the benefits accruing under said contract, subject to all the terms herein contained."

There is no evidence that these contracts were ever recorded or that subsequent purchasers of land had any notice of their terms. One of the water users testified that his deed contained no reference to this charge and it may be inferred from the record that he knew nothing about the terms of the contract between the tract owner and Pasadena Consolidated Water Company.

Applicant urges as a further reason for continuing this charge that it is not making a reasonable profit on its investment.

The general rule which this Commission has repeatedly applied and which it will continue to apply, unless special facts are shown, and unless a contrary rule is established by the Supreme Court, is that it is as much the duty of a water company to install the service connection to the property line and the meter, at its own expense, as it is to build the wells, reservoirs and mains. A contrary rule would compel the user to donate part of its system to the water company.

It hardly seems equitable to hold that future lot purchasers shall be bound by the terms of a contract between third parties of which terms they had no notice. The language of the contracts themselves provides only that the consumer shall pay for the meters and the cost of installing the same, while the charge of \$15.00 covers also the cost of the service connection to the property line and the cost of installing the same, matters not covered by the contracts.

Pasadena Consolidated Water Company claims not merely control, but also ownership, in the meters for which its customers have paid. The more equitable rule would seem to be to have the company pay for the meter and the service connection to the property line, if it is to claim ownership.

Subsequent to the submission of this application, Pasadena Consolidated Water Company acquired by donation the entire water system of Pasadena Park Improvement Company. The system was unmetered. Pasadena Consolidated Water Company has now metered the entire system, but has done so entirely at its own expense without any charge to the consumer. It would seem that instead of having one rule apply in one part of the system and another rule in another part, it would be better to apply the same rule all over the system.

After a careful consideration, I have reached the conclusion that there is no valid reason why the general rule applied by this Commission should not govern in this case. In reply to the request for a ruling herein, I find that Pasadena Consolidated Water Company should install service connections to the property line and meters at its own expense. The costs so incurred are proper charges to capital account and will be allowed in establishing rates.

Mr. Coulston, applicant's president, agreed at the hearing, that if this ruling were made, he would refund all service connection charges collected subsequent to the date of the application herein.

I am confident that applicant will comply with this agreement

and also desist from further similar charges in the future, without a formal order and hence submit this opinion as closing this proceeding.

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

Dated at San Francisco, California, this 28th day of July, 1914.

John M. Cushman

Alvin G. Brown

Max Thelen

Edwin C. Edgerton  
Commissioners.