BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of) THE BOARD OF TRUSTEES OF THE CITY) OF FORT BRAGG to fix the compensation) to be paid for the water system owned) by H. F. Milliken and the Fort Bragg) Water Company.

Application No. 1148.

ORIGIMA

Decision No.

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J. A. Pettis, city attorney, for applicant. H. F. Milliken for the water company.

ESHLEMAN, Commissioner.

OPINION

The petitioner in this case applies to have a price fixed upon the water system of the company supplying the city of Fort Bragg. The property involved is described as follows:

Source of Water Supply: A small stream on south side of Noyo River approximately two and one-fourth (21) miles Southeast of the City of Fort Bragg, in what is commonly known as "Newman's Gulch." This stream furnishes two hundred and twenty-five (225) gallons of water per minute during summer months, according to guagings made by Engineer R. E. Donohoe during the year 1913. The water shed from which this stream is supplied consists of several hundred acres covered with a heavy growth of timber and underbrush. The timber, however, is now being removed for the purpose of making ties and lumber.

Reservoir: The water is diverted from this stream by a dam consisting of timbers placed across the stream with puncheons set on end above said timbers.

Lands surrounding said stream are owned by the Union Lumber Company, a corporation.

The water is carried from the dam or reservoir hereinbefore described a distance of Eight Hundred Thirty-three (833) feet, in a Northwesterly direction, in a covered wooden flume measuring approximately ten (10) by twelve (12) inches, to a box or trough twelve (12) feet long and two (2) feet twenty (20) inches deep, and sixteen inches wide; the water flowing thence in a general Northwesterly direction through an eightinch (8") machine-banded wooden pipe for a distance of Six Thousand Fifty-nine (6059) feet to the East line of the City limits of the City of Fort Bragg; thence West along Oak Street in said City Forty-seven (47) feet; thence West along Oak Street in a ten-inch (10") machine-banded wooden pipe Five Hundred Eighty-six (586) feet to a point where the main line leaves Oak Street; thence Northwesterly across lands of H. F. Milliken Three Hundred Twenty-one (321) feet to a blow-off pipe, at which point main is reduced from ten (10) inches to eight (8) inches;

thence through an eight-inch (S") machine-banded wooden pipe Two Hundred Seventy-nine (279) feet to en eight-inch (8") gate near intersection of a pipe leading from an old reservoir, thence Hight (8) feet through an eight-inch (8") machine-banded wooden pipe to an intersection with an old eight-inch (8") pipe line leading from said old reservoir, thence Northwesterly along said old eight-inch (8") pipe line One Hundred Fifty-five (155) feet, at which point it connects with a ten-inch (10") machine-banded wooden pipe; thence in a Westerly direction Nine Hundred Eighty-seven (987) feet to a ten-inch (10") gete near the West end of treatle that carries pipe line across a ravine; thence Westerly Six Hundred Thirteen (613) feet to East line of Harold Street, and thence West crossing Harold Street, and along Redwood Avenue Two Thousand Two Hundred Forty (2240) feet to a point seventeen (17) feet West of the East line of Main Street.

Distributing Main leading away from above described main supply line South from Redwood Avenue:

On Morrow Street, South from Redwood Avenue, two-inch (2") galvanized iron pipe, Twelve Hundred Fifteen (1215) feet. On Herold Street, South from Redwood Avenue, two-inch (2") gelvanized iron pipe, Fifteen Hundred Sixty-five (1565) feet. On Corry Street, South from Redwood Avenue, two-inch (2") galvanized iron pipe, Five Hundred Sixty (560) feet. On Whipple Street, South from Redwood Avenue, two-inch (2") galvanized iron pipe, Five Hundred Fifty (550) feet. On Harrison Street, South from Redwood Avenue, two-inch (2") galvanized iron pipe, Five Hundred Thirty (530) feet. On MacPherson Street, South from Redwood Avenue, two-inch (2") galvanized iron pipe, Fourteen Hundred Sixty (1460) feet. On MacPherson Street, South from Redwood Avenue, two-inch (2") galvanized iron pipe, Fourteen Hundred Sixty (1460) feet. On Frenklin Street, South from Redwood Avenue, two-inch (2") galvanized iron pipe, Fourteen Hundred Sixty (1460) feet. On Main Street, South from Redwood Avenue, six-inch (6"). Five Hundred (500) feet, two-inch (2") Four Hundred (400) feet.

gelvenized iron pipe. On Oak Street from MacPherson Street East, two-inch (2") gelvenized iron pipe. Three Hundred Sixty (360) feet.

On Redwood Avenue from West end of the ten-inch (10") supply pipe hereinbefore described, running Westerly along Redwood Avenue, One Hundred Sixty (160) feet, a six-inch main, and South about Five Hundred (500) feet, a five-inch (5") main; from thence pipe leading to the Union Lumber Company's mill property.

Distributing Mains leading away from above described main supply line North from Redwood Avenue:

On Harold Street, North from Redwood Avenue, Maree-inch (3") galvanized iron pipe. Thirteen Hundred Sixty (1560) feet, thence on Fir Street Westerly Six Hundred Ninety (690) feet. On Leurel Street, from Harold Street East, two-inch (2") gelvenized iron pipe, Nine Eundred (900) feet: and on Laurel Street from Harold Street West, two-inch (2") gelvenized iron pipe, Eighty (80) feet. On Perkins Street, from Fir Street North, two-inch (2") galvanized iron pipe, Six Hundred Fifty (650) feet. On Fir Street from Harold Street East, two-inch (2") galvanized iron pipe,

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One Hundred (100) feet. On Corry Street from Fir Street South two-inch (2") gelvenized iron pipe, One Hundred (100) feet. On Corry Street, North from Redwood Avenue, two-inch (2") gelvenized iron pipe, Seven Hundred Fifty (750) feet. On Perkins Way, from Fir Street North, two-inch (2") gelvenized iron pipe, Eight Hundred Fifty (850) feet.

pipe, Eight Hundred Fifty (850) feet. On Whipple Street, North from Redwood Avenue, two-inch (2") galvanized iron pipe, Thirteen Hundred Thirty (1330) feet. On Pine Street, West from Whipple Street, two-inch (2") galvanized Iron pipe, One Hundred Sixty (160) feet. On Harrison Street, North from Redwood Avenue, two-inch (2") galvanized iron pipe, Nineteen Hundred Fifty (1950) feet. On McPherson Street, North from Redwood Avenue, two-inch (2") galvanized iron pipe, Thirteen Hundred Twenty (1320) feet. On Screnklin Street, North from Bedwood Avenue, two-inch (2") galvanized iron pipe, Thirteen Hundred Twenty (1320) feet.

(2") galvanized from pipe, Thirteen Hundred Twenty (1520) feet. On Franklin Street, North from Redwood Avenue, two-inch (2") galvanized iron pipe, Fifteen Hundred Fifty (1550) feet. Then on Laurel Street from Franklin Street East, One-Inch (1") galvanized iron pipe. One Hundred Fifty (150) feet. On Laurel Street from Franklin Street West, One-inch (1") galvanized iron pipe, One Hundred Fifty (150) feet. On Pine Street from Franklin Street West, two-inch (2") galvanized iron pipe. Three Hundred Bighty (380) feet On Fir Street from Franklin Street West, two-inch (2") feet. On Fir Street from Franklin Street West, two-inch (2") galvanized iron pipe, One Hundred (100) feet. On Main Street, North from Redwood Avenue, six-inch (6")

salvanized iron pipe, Eight Hundred Seventy-five (875) feet. On Main Street from South line of Pine Street, four-inch (4") galvanized iron pipe, Five Hundred (500) feet. On Main Street from Fir Street North, two-inch (2") galvanized iron pipe, Five Hundred (500) feet. On Laurel Street from Main Street East, one-inch (1") galvanized iron pipe, One Hundred (100) feet. On Laurel Street from Main Street West, two-inch (2") galvanized iron pipe, Four Hundred (400) feet. From intersection of Pine and Main Streets, Northerly through Block 7 and into Block 6, about Five Hundred \$500) feet of two-inch (2") galvanized iron pipe. On Fir Street from Main Street West, two-inch galvanized iron pipe, Nine Hundred Forty (940) feet. On Stewart Street from Fir Street South, twoinch (2") galvanized iron pipe, Two Hundred Eighty (280) feet. On Stewart Street from Fir Street North, two-Inch (2") galvanized iron pipe, Six Hundred Forty (640) feet. On West Street from Fir Street South, two-inch (2") galvanized iron pipe, Six Hundred (600) feet. On West Street from Fir Street North, two-inch (2") galvan-ized iron pipe, Six Hundred (600) feet. On Pine Street from Stewart Street East, two-inch (2") galvanized iron pipe. One Hundred Fifty (150) feet.

The measurements and distances herein given are approximate and are taken from a map prepared by H. F. Milliken, President and principal owner of the Fort Bragg Water Company.

Where distributing mains leave main supply line, the connection is made with a pipe of smaller diameter than diameter of distributing main. Each distributing main has a gate valve or stop-cock near its point of intersection with main supply line, the nature or condition of which can only be ascertained by examination in each case.

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So far as it has been possible to ascertain or determine there are four eight-inch gate valves, three ten-inch gate valves, in addition to the two-inch valves or stop-cocks heretofore mentioned.

There are about Five Hundred service connections of an average length of thirty (30) feet each, - gslvsnized iron pipe.

There are no fire hydrants serviceable or usable connected with said water system.

Profile accompanying this petition shows hydraulic grade line cut by pipe line; also that the eight-inch pipe is on the upper end of line, and ten-inch pipe on the lower end of line; and that just after entering city limits line is first eightinch pipe, then ten-inch pipe, then eight-inch pipe, then back to ten-inch pipe. As nearly as can be ascertained the eightinch and ten-inch pipe has been installed and in use for eight years or more, and that portion of the pipe line near the old reservoir herein referred to, has been installed and in use for a much longer period.

The map of the water system and town, accompanying this petition, was prepared by H. F. Milliken, defendant herein, and his engineers, and profile, and map of that portion of water system outside of the City of Fort Bragg, was made by Engineer R. E. Donohoe at the instance and request of the petitioner.

For data as to location of pipe lines, elevations, etc., refer to profile and maps accompanying this petition. Meagreness of detailed description herein is due to lack of sufficient data and incompleteness of said Water Company's records.

OTHER PROPERTY.

All water rights, water appropriation rights, rights-ofway, or other rights or franchises or property necessary or appurtement to or in enyway connected with said water system above described, owned by either the said H. F. Milliken or said Fort Bragg Water Company, or necessary or convenient in the business of supplying the City of Fort Bragg with water, and not hereinbefore specifically mentioned.

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Hearings were held at Fort Bragg on June 25th and again. on the application of Mr. Milliken for the company, on July 24th, at the office of the Commission.

The evidence shows that the system of the Fort Bragg Water Company consists principally of an intake on Newman Gulch, a branch of the Noyo River entering from the south, a transmission and wood-stave line, part of Closed Wood Flume, / part of 8" and 10"/pipe, and a distribution system of small pipe lines in the town of Fort Bragg.

The length of pipe of the different sizes given in the opinion tabulations accompanying this /xxxxxx are agreed upon between the authorities of Fort Bragg and H. F. Milliken, owner of the water company, excepting that there are added some lengths of pipe not included previously and found to be in existence at the time of inspection of this system. Close determination of the actual extent of the pipe lines would be impossible without extensive excavation to determine where each lateral terminates.

The diversion works on Newman Gulch is of logs with board facing, forming a dam about 30' long and 7' high. From this point a flume of 2 x 12 redwood extends for about 800 feet, the clear opening being $8\frac{1}{2}$ " x $12\frac{1}{2}$ ". This flume does not admit of use as a pressure line, and is erected with a grade of about two feet in eight hundred. A considerable portion of this box flume is built on trestle. At one point, water is brought from the west side of Newman Gulch in a 2" pipe over a smaller stream and emptied into this box. At the end of the wood flume, there is a settling box which forms the intake of the 8" pipe line extending to and into the city limits.

It was contended by certain witnesses at the preliminary hearing that the pipe lines within the town of Fort Bragg were inadequate and in such condition that they would have to be replaced in toto. On June 25th the pipe lines were uncovered at some twenty

points, these places being chosen by the city authorities, and the pipe examined in so far as is possible by inspection of the outside. At no points were the pipe lines found to be in such condition as to require replacement on account of physical condition. To determine the condition of the interior of the pipe lines would require considerable time and expense for an inspection of the condition over the entire system.

One length of pipe supposed to have been in place for 22 years was removed and tested up to a pressure of 200 lbs. and would probably have sustained at a greater pressure. It was not possible during the limited time to make a pressure test upon a portion of the system in place, and, judging by the condition of this pipe and the exterior appearance, there is no danger of failure excepting possibly at points where connections have been made.

A section of the $\frac{1}{2}$ pipe mentioned in the testimony as being almost completely deteriorated was cut out and carefully examined. The material of this pipe, which had been in place more than twenty years, is reduced practically not at all, but the interior of the pipe is filled to such an extent that the carrying capacity would be about equal to that of a 1ⁿ pipe, due to tuberculation and the deposition of sediment. The company has been in the habit of clearing the pipe lines by opening at various points and scraping, and apparently if this is done frequently, the pipe lines will remain throughout the ordinary life of such pipe of reasonable capacity.

On the day of inspection there was apparently sufficient pressure at all points to reach the second story of dwellings. In my opinion, distribution throughout the town could be rendered adequate by some such plan as the following: The transmission man main is a 10" pipe running westward along Redwood Avenue; at Herold 4

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Street in the east portion of the town, a main of say 6" pipe can be laid two blocks each way from Redwood Avenue north and south, and extended thence west along Pine and Oak Streets, connecting at all cross streets with the smaller lines already installed. By this method, with the addition of connecting lines, which would give circulation throughout the system, the present pipe lines may reasonably be used for the remainder of their useful life. Beside increasing service capacity and pressure through the town, these lines would provide direct service for territory not now supplied. Undoubtedly the present distribution system is not all of the cost it should be, and at least a part/of such installation, as here suggested, may be considered a measure of the inadequacy of the system at this time and properly a measure of the reduction of reproduction cost to arrive at the value to the town of Fort Bragg.

The tentative plans of the city include the erection of a reservoir having a capacity of about 2,000,000 gallons, to be built some 600 feet above the present intake, the top of the dam being 35 and the base 15 feet above the present intake dam. The installation of a pipe line of 10-inch diameter between this reservoir and the present settling box and intake of the 8" pipe line ly safe will provide a sufficient/increased head to give a/capacity of about 400,000 gallons per day, and with the storage capacity provided, will undoubtedly provide safely a large increase over the present demand. The data is not sufficient to make a close estimate of the safe yield of this water source, but it appears to be entirely unnecessary to seek any other supply for a long time to

come. Further, it is undoubtedly advisable that the town be fully metered. There being about 500 consumers, the expense of metering would be not far above \$5,000, and this expenditure would doubtless be proper whether the system is in private ownership or municipal ownership.

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COST OF PLANT

The book records of the Fort Bragg Water Company are very incomplete and do not give in any detail cost data that will provide an adequate check upon a reproduction cost estimate. The business of this company is stated to have been carried on by Mr. Milliken in connection with many other activities, and the time of himself and others employed on this and his other business has not been carefully segregated. Exhibit "A" following gives a statement _/ his books of the moneys expended in 1905 and 1906 and the total receipts from water sales for the several years of which,only, a record appears to have been made.

Mr. Milliken reported that the following payments had been made for riparian rights and rights-of-way, but that he could not support his statements with better testimony:

To John Pereria	\$100	
To Joe Lewis	100	
To Chas. Rondio	100	-
To Mat Stewart	20	\$320

The Union Lumber Company gave right-of-way for an agreement to furnish 50,000 gallons per day at one cent per 1,000 gallons. The Casper Lumber Company owns 300 feet crossed by Newman Gulch to which this water company has no real right. In addition to the amounts that Mr. Milliken states he has paid for water rights there undoubtedly was a considerable expense involved in his personal investigation and negotiations in obtaining the water rights and rights-of-way.

Mr. Milliken's letter to the trustees of the city of Fort Bragg, dated August 5, 1913, makes mention of his activities in this regard, and it seems only proper that he should be remunerated for his services.

EXPLORATORY EXPENSE

This system was commenced in the years 1889- 90, at which

time the source of supply was wells in the town of Fort Bragg, and then, or soon afterward, a reservoir was constructed on lands still owned by Milliken in the eastern part of the town. Later, Mr. Milliken sank seven wells on the Mesa lands, along the line of the present transmission line between the Noyo River crossing and the town of Fort Bragg. Two of these wells are still used to a certain extent as equalizing tanks, being connected in and out with the transmission main. Of the two wells in use, one is 14 feet in diameter, the other 18 feet in diameter, and each stated to be 20 feet in depth and are cased with 2" redwood planking and roofed. No testimony was presented by Mr. Milliken establishing the cost either of the wells now in use, or of those which were sunk and found worthless as sources for of supply. The material is stated to be a very fine sand through which the wells were sunk with great difficulty to impervious material. All were sunk for the purpose of obtaining a water supply and failed to develop a sufficient amount for the needs of the town. It seems undoubtedly true that Mr. Milliken could have obtained sufficient information of the water supply available upon this Mesa land by test borings at a very small proportion of the expense incurred in sinking these wells, and only the two wells used as equalizing tanks will be considered to have any use value at this time. The cost of developing the business of this concern is impossible of reasonable determination, due to the condition of the records kept by Mr. Milliken. However, it does appear, as the operation of this system has not been carried on in a businesslike manner and as the system at the present time is no more than adequate for the needs of the present consumers, improper that the city of Fort Bragg should pay an amount largely in excess of the value otherwise determined for any item of going concern or cost of developing business.

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The following exhibits show in detail:

The cost records (Exhibit "A"),

Reproduction cost depreciated by the straight-line method to reach present value (Exhibit "B"),

EXHIBIT "A"

COST RECORDS OF THE FORT BRAGG WATER COMPANY. (1905, page 92, "Record" Book).

Installation (Capital Account) -5818 ft. Redwood pipe 8-inch diameter 158 " Gelvanized pipe 8-inch diameter 800 " Wood flume 2" x 12" Redwood, 8"x10" opening 776 " of main @ \$1.25 \$8470 6776 " \$35 To W. B. Ward " Windlex (Plumbers) " J. Cummins (Labor) 283 212 π Supplies 75 Interest on \$9000 @ 8% 720 17 350 TT 8470 150 Taxes 250 President's salary Total not charged to new work 2075 GRAND TOTAL\$10545 1906 (Page 95 Record Book) Installation. 4000 ft. 10-inch Redwood pipe @ \$1.50 ... \$6000 6-inch Standard Screw pipe 1302 " ◎ \$1.00 1302 Valves, X's, Tees, etc. 300 1654 ft. 3-inch s.s. galvanized pipe © .60 992 100 " 11 5 17 pipe © 1.00 100 1640 " я Π " Ø .35<u>574</u> 2 Interest on \$20,000 @ 8%1600 Incidentals 100 INCOME FROM WATER SALES

1904	• • •	 	••••••• ••••••• • * * * *	2,535
1912	• • •	 ••••		

NOTE: Returns of 1905 appear to have covered the cost of maintenance and operation, and interest on investment of \$13,380 at 8% for a full year and left a surplus for depreciation and interest on additional investment of \$1.015.

The report to the city, dated August 5th, 1913, stated that expense was

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Operation Expenses and Laying New Mains	\$1,500
6% interest on a valuation of \$60,000	3,600
Total	5,100
and that income was	5,500
leaving a profit of	400

It does not appear then that there was at any time in the period since 1903 a deficiency.

EXHIBIT "B"

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" VALUATION SCHEDULE.

ITEM : QUANÉ:	• 1731 T.M	A					•	% ,1 8 2014 -
	UNIT: UNIT:COST:	AMOUNT: OV HE	ER- REPRODUCTION	AGE :P YRS.:U	PRECI ROB. 1 % SEFUL : LIFE :	ATION : AMOUNT : : :	SUB-TOTALS	PRESENT VALUE
Diversion Dam (est). Flume 800 Settling Box Pipe, 8" Wood M.B. 6000 8" Standard Galy.	\$200 Feet 0.693 " 0.99	\$200 1 554 1 35 1 5940 1	Б 637 Б 40	9 9 9	20 12 12 30	\$ 1043 478 30 2049	\$126 159 10 4782	
158 2" Std.Blk. 400 8" " 460 10" Wood 4000 Wells, 18'x20'Rfd. 150 c	" 2.145 " .219 " 1.563 " 1.056 Bu yd 3.00	339 10 88 10 728 10 4224 10 705 10	5 101 5 837 5 4 857	9 5 12 8	20 20 24 40	175 25 419 971	215 76 418 3886	
" 14 ¹ x20 ¹ 110 0 · 3000 F	BN .05 uyd 3.00 BM .05 0181	725 18 480 16			50 67	41 7 365	417 187	
Extra Rock Work	&4" 25.00	200 16 150 10	342		25	67	173 200 165	10,814
DISTRIBUTION SYSTEM, Pipe - 10" Wood MB 747 8" " 390 6" 88 galv.1302 n " 233 5" " 400 4" " " 500 3" " 1654 " " 1654 " " 11290 " " 11290 " " 11290 " " 11290 " " 11290 " " 1640 Valves	feet 1.056 ".990 ".982 ".982 ".982 ".781 ".673 ".425 ".425 ".425 ".245 ".245 ".167 ".651 ".219	789 15 386 15 1279 15 229 15 312 15 286 15 703 16 168 16 2766 15 2450 15 359 16 300 15 300 15 1043 15	444 1471 263 359 329 809 193 3181 2817 72 75 413 230 345	8 9 8 4 4 4 17 4 10 8 8 10 10 21	40 35 30 30 30 28 28 28 28 25 20 30 25 30 30	183 114 392 35 48 44 231 28 2163 451 36 20 132 77 115 1008 33	735 330 1079 228 311 285 578 165 1018 2366 36 55 281 153 230 192 67	
Water fights Estimated overhead Land owned at intake, 41	acres 100.	•••••• •••• •100	• • • • • • • • • • • • • • • • • •	•••••	•••••	• • • • • • • •	• 1000	1,320 4,100
Possible exploratory expens Wells on mosa, 5 Reservoir in east of town Experiment with R. S. Pipe Stock in tolls not listed, principally property of plu employed to do all work. Contract with Union Lbr. Co and certain flat use. Larg 155,125 may have been used	ach 400 Imbors • to deliver • use now di	Iscontinued.	In 82 yrs.	ntal Loca				7,000
Plat rate use loss - claime	d by Millike	on about	Possible addit				. 5000	

CORRECTION

CORRECTION

THIS DOCUMENT

HAS BEEN REPHOTOGRAPHED

TO ASSURE LEGIBILITY

EXHIBIT "B"

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VALUATION SCHEDULE.

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ITEM : QUAN : TITY		AMOUNT:	ø over- Head	REPRODUCTION COST	AGE YRS.	:USEFUL :	ATION %: AMOUNT: ; ;	SUB-TOTALS :	PRESENT VALUE
Diversion Dam (est). Flume 800 Settling Box Pipe, 8" Wood M.B. 6000 8" Standard Galy.	\$200 Feet 0.692 " 0.99	\$200 5 554 35 5940	15 16 15 16	\$230 637 40 6831	9 9 9 9	<u>: LIFE :</u> 20 12 12 12 30	104: 104: 478 30 2049	\$126 159 10 4782	
158 2" Std.Blk. 400 8" " 460 10" Wood 4000 Wells, 18'x20'Rfd. 150	" 2.146 " .219 " 1.583 " 1.056 ou yd 3.00	88 728	16 16 15 15	890 101 887 4 857	9 5 12 8	20 20 24 40	175 25 419 971	215 76 418 3886	
5500 " 14 ¹ x20" 110	FBM .05 ou yd 3.00	725	15	834		50	417	417	
. 3000 Valves 8	FBM .05 10"8") 480	15	552	-	67	365	187	
Extra Rock Work Lands, Rt.of Way 3 Total Diversion and Tran	&4" 25.00 aores 50.00		15 10	230 3 4 2 165		25	67	173 200 165	
DISTRIBUTION SYSTEM,	9019310 0 •••		•••••	• • • • • • • • • • • • • • • •					0,814
Pipe - 10" Wood MB 747 8" " 390 6" 88 galv.1302 " " 233 5" " 400 4" " 233 5" " 400 4" " 500 3" " 1654 " " 11290 " " 1640 Yalves	feet 1.05 ".99 ".98 "	0 386 2 1279 2 229 1 312 3 286 5 703 5 168 5 2766 5 2450 7 63 1 65	16 16 16 16 16 16 15 15 16 16 16 15 15	918 444 1471 263 359 329 809 193 3181 2817 72 75 413 230	8 9 8 4 4 4 8 4 17 4 10 8 8 10	40 35 30 30 30 28 28 28 28 25 20 30 25 30	183 114 392 35 48 44 231 28 2163 451 36 20 132 77	735 330 1079 228 311 285 578 165 165 1018 2366 36 55 281 163	
Specials, 31% of pipe		200	15	345	10	80	116	220	
Connections, ExtraxReskXMerk200 Extra Rock Work	5.22	1043	15	1200 100	21	25	1008 33	192 67 8	, 109
Water rights Estimated overhead Land owned at intake,41 4	aores 100.	4100	• • • • • • • •	•••••••••	••••	••••	•••••	1000 1	, 320 , 100
Possible exploratory expe- Wells on mosa, 5 Reservoir in east of town Experiment with R. S. Pip Stock in toals not listed principally property of p employed to do all work.	each 400 e lumbers			2000 4000 1000					,000
Contract with Union Lbr. and certain flat use. La 155,125 may have been use Flat rate use loss - clai	rge use now : d and if los	alscontinu	ed. In er Mgal	8 1 yrs. Tot				5000	
-							GRAND TOT	AL	···· ¥42,548.

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Thus, after locating every element of cost connected

with the water right and appraising other elements of the plant, the engineers of the Commission recommended atotal of \$41,802 as the value of this system. At the second hearing, additional elements were discovered, raising the valuation to \$42,548.

Mr. Milliken contends strenuously that the value of the water right should be determined by finding the cost of pumping water from the Noyo River and capitalizing such cost. Affidavits were presented showing that it would cost approximately 4.6¢ per thousand gallons to pump water from the Noyo River for the use of the city of Fort Bragg. Based upon this cost, the owner of the system contends for a valuation of the water right alone of from \$100,000 to \$150,000., on the theory that the city of Fort Bragg, rather than be required to pump the water from the Noyo River, could afford to pay such an amount for the stream controlled by Mr. Milliken. The Commission has heretofore commented upon the inconsistency of contending for a monopoly value in a regulated industry. If we carry the contention of the owner of this property to its logical conclusion, then if there were only one source of supply of water for a municipality and a private owner secured it, it would be impossible for such municipality to secure such source of supply unless it would pay any amount which the owner demanded up to the entire ability to pay possessed by such municipality. It is to prevent just this, both as to the sale of the commodity which is the product of the monopoly and, likewise, the sale of the monopoly itself to any governmental agency that gives warrant to the regulation of monopolies. However strongly the doctrine here advanced is pressed upon this Commission, it should never be adopted as a rule of action because it is unfair and would permit the private owner of a public necessity to take advantage of the necessities of

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a community and it is to prevent this that regulation is resorted to and commissions such as this Commission are created.

It is peculiar that the owners of property such as this do not see that there are two sides to the question. Suppose, for its own purposes, the city of Fort Bragg saw fit to endure the added cost that it is alleged would be necessary if water were pumped from the Noyo River and should disregard the system of this applicant, as it has a right to do and has been done elsewhere, where would the value of this property be then? The only remaining value would be the value that would exist by reason of the ability of the owner to apply the water in his control to some other purpose than the furnishing of the inhabitants of this municipality. Certainly he could not object if, after having attempted to secure all that the necessities of his patrons would force them to pay, such patrons went elsewhere and secured their supply of water, and he could not object even if such course on their part destroy the value of his property. It must be recognized that the relationship between the owner of a public utility,- or any business for that matter,- and his patrons is reciprocal. The value contributed by the patrons of a monopoly which exists merely because such agency is a monopoly is a value which the laws for generations have forbidden such owner to take.

The evidence in this case shows that Mr. Milliken has been a public spirited and helpful citizen in Fort Bragg and has been very liberal in the conduct of his system. It is even urged that he has been too liberal, in that he has rebated to poor consumers their water bills in many instances. The city authorities and the people of this section evince the kindliest disposition toward Mr. Milliken and it is my desire, of course, to accord to him a fair and liberal value for his property.

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I have attempted to have located every element of cost which has gone into this water right and every other legitimate element of value that can be considered and I believe that the engineers of this Commission have been **morexthemaximization** liberal in the valuations in this case. In order, however, that there may be no doubt that an ample sum is allowed for this property, I will recommend that a sum sufficiently in excess of the cost of the water right be allowed to make the entire value of the property \$45,000, and I find as a fact that such amount is a just compensation to be peid by the city of Fort Bragg to H. F. Milliken and the Fort Bragg Water Company for the property listed and described in this opinion.

I submit the following form of order:

ORDER

City of Fort Bragg having applied to this Commission to fix a just compensation to be paid to H. F. Milliken and the Fort Bragg Water Company for the water system described in the opinion hereto, and a hearing having been held and being fully apprised in the premises.

THE COMMISSION HEREBY FINDS AS A FACT that \$45,000 is a just and adequate compensation to be paid by the city of Fort Bragg to H. F. Milliken and the Fort Bragg Water Company for the property described in the opinion hereto.

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 25 day of September, 1914.

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Commissioners.