

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Decision No. 20472

James W. Freeman, et al.,  
Complainants,  
vs  
Irwin Heights Water Company,  
Defendant.

Case No. 698.

James W. Freeman in propria persona, and  
J.C. Steele, for Complainants.

Dennison & Towner, by C.C. Towner, for Defendant.

THELEN, Commissioner.

OPINION

This is a complaint by residents of Santa Monica against the rates and certain rules and regulations and practices of Irwin Heights Water Company. For a description of this Company's property and operations reference is hereby made to the decision this day being rendered in Application No. 1562, being an application of the City of Santa Monica for an order fixing and determining the just compensation to be paid by the City for the lands, property and rights of Irwin Heights Water Company.

In the amended answer herein the Irwin Heights Water Company, hereinafter referred to as the Water Company, asks the Railroad Commission to authorize the company to charge increased rates.

The principal sources of complaint, as shown by the evidence in this proceeding, are as follows:

1. Inadequacy of pressure and supply.
2. Charge for meters.
3. Minimum meter charge.
4. Rates.

I.

INADEQUACY OF PRESSURE AND SUPPLY

One of the principal causes of complaint against the Water Company is that the pressure and supply are inadequate. Quite a number of the Water Company's customers testified that they did not have sufficient water for domestic purposes during the summer season. Certain of the complainants testified that they did not have water, at times, for flushing their toilets and that serious inconvenience had been caused thereby. These complainants all live at the higher elevations under the Water Company's system. Their difficulties are due partly to this fact, and partly to the inadequate size of distribution pipes. The Water Company has erected a tank at an elevation above its reservoir for the purpose of serving its consumers on the higher levels, but a number of consumers who are having difficulty in securing the necessary supply of water have not been connected up with the tank. Attention is drawn particularly to the testimony of H.M. Bolton, Mrs. Georgia Volkmer, Mrs. Emma Monroe and Cora B. Smelser. Steps should be taken immediately to improve the service to these people.

The Water Company has been remedying, from time to time, certain of the more serious complaints against inadequacy of pressure and supply. Referring to the complaint of E.H. Gamble that he had not had enough water to flush sewers, Mr. C.C. Towner, the Water Company's Manager, stated that within the next thirty days he would lay a main which would connect Mr. Gamble with the tank so that he would thereafter have an adequate supply of water.

II.

CHARGE FOR METERS

Considerable complaint was made because of the practice of the Water Company in compelling such consumers as desire a meter to pay for the meter and the cost of installation. The amounts so charged have generally been in the neighborhood of \$10.00 to \$12.00. Many consumers who complain of the flat rates would like to come under meters but they object to paying for the meter. Only about one-third of this system has been metered.

In a number of cases the Railroad Commission has had under consideration the matter of charges for meters. The Commission has consistently held that it is as much the duty of a water company to pay for meters as to install at its expense the reservoirs, pumps, tanks and distributing system necessary to enable the Company to perform its duties to the public. Reference is hereby made to the Commission's opinion and order in City of Glendale vs Title Guarantee & Trust Company (Volume 2, Opinions and Orders of the Railroad Commission of the State of California, page 989), decided on June 11, 1915, in which case the question is fully considered on reason and authority. Subsequent to this decision the Commission has uniformly held that it is the duty of a water company to install meters at its own expense.

There is no general rule, however, which does not at times require qualification by reason of the facts of some particular case. In the present proceeding, it appears that the Water Company is having great difficulty in securing the necessary funds for improvements and extensions. The Company claims to be operating at a considerable loss and has asked for an increase in rates. Mr. C.C. Towner, the Water Company's General Manager, testified that in an attempt to secure \$10,000. for improvements and ex-

tensions he had offered to pay as high as 9% interest and 3% commission for a loan of this amount to be secured by the entire property but that he had been unable to secure the money. In view of this situation the complainants in their brief agree that a temporary order be made that consumers be supplied with meters on their request to the Water Company, at a maximum cost to the consumers of \$10.00, this sum to be repaid to the consumers by the Water Company in credits monthly of 50% of their bill.

Mr. C.C. Towner, in letter of May 20, 1915, referred to this suggestion and stated that at present a deposit of not less than \$11.00 per meter should be required and that the monthly credit should not exceed 25% of the consumer's bill.

If it were not for the present financial situation in which the Water Company finds itself, the Commission would apply the usual rule and would direct that the meters be installed at the Water Company's own expense. Under all the conditions surrounding the facts of this particular case, I am of the opinion that it would be just and equitable to provide that whenever a consumer desires a meter of a size not in excess of a 5/8 inch meter on a 5/4 inch connection he shall be entitled to have the same installed on advancing to the Water Company the sum of \$10.00, the Water Company thereafter to give credit on the consumer's bill at the rate of \$1.00 per month until the amount advanced has been returned. If meters of a larger size are required the consumer shall advance the entire cost thereof, whereupon in addition to receiving back \$10.00, in the manner hereinbefore specified, the consumer shall be entitled to the return of the excess over \$10.00 by means of a credit of 1/12 of the excess charge on his water bill in each of the twelve next ensuing months.

### III.

#### MINIMUM METER CHARGE

The evidence shows that the Water Company, in cases in which meters have been installed, collects a minimum charge of \$1.00 for each house, or family, served from the meter. The maximum extent to which such charge could be collected under the Ordinance establishing water rates for the City of Santa Monica for the fiscal year 1908-1909 would have been \$1.50. Mr. C.C. Towner testified that the excess over the rate thus allowed was collected on general principles of equity. As the Railroad Commission is today holding in Case No. 700, Strickler, et al., vs. City Water Company of Ocean Park, a rule requiring the collection of more than one minimum charge for a single meter leads to difficulty and uncertainty in its application in addition to being an unreasonable and unjust rule. The minimum charge collected by the Water Company on its metered services shall henceforth be \$1.00 and no more for each meter. In order to protect consumers against the possibility of the installation by the Water Company of more than one meter for any house or any lot, it should be understood that the Water Company is to have no right to install more than one meter for any one house or any one lot.

### IV.

#### R A T E S

The complainants in this proceeding claim that the rates of Irwin Heights Water Company are too high and the Water Company claims that they are too low. The Water Company has requested herein that the Railroad Commission increase its rates to such sum as may appear to be just and reasonable.

In four proceedings now pending before this Commission, namely, the present proceeding, Case No. 700, A.D. Strickler, et

al., vs. City Water Company of Ocean Park, Case No. 701. John G. McCarthy, et al., vs. Santa Monica Water Company and Case No. 703, L. Shelley, et al., vs. Ocean Park Water Company, the complainants have complained that the entire rates, or at least the minimum, are too high and in each case the Water Company has complained that the rates are too low and has made request for an increase. If the rates in these cases are adjusted on the principles usually applied in the establishment of public utility rates, while these four Companies remain in separate ownerships, a heterogeneous and most unsatisfactory condition will result. While no definite conclusions have as yet been reached with reference to rates proper to be charged by each of these four Companies, the investigations thus far conducted by this Commission tend to show that certain of these companies are not receiving the return to which they are entitled, while at least one of them is receiving a larger amount than that to which it is justly entitled, and must expect a reduction in case these proceedings are brought to a final termination. The result of such orders would be that some of these four Companies serving in certain cases territory immediately contiguous to territory served by one or more of the other companies, would be charging rates either higher or lower than the rates charged by their neighbors. Prompted by a natural desire to receive water at the lowest rate, the customers of the Company authorized to charge a higher rate would seek to secure water from the Company directed to charge a lower rate, thereby still further weakening the business of the Company or Companies which are doing poor business and still further strengthening the business of the Company or Companies which are doing the best business. It is unnecessary for me to pursue this subject further. It must be perfectly obvious to any person who gives

thought to this question that the only way properly to handle the water situation in Santa Monica is to regard the entire city as a whole and to have water supplied either by a single private corporation serving the entire city or by the city itself under a municipally owned and operated system.

The City of Santa Monica has instituted proceedings to have the Railroad Commission fix and determine the just compensation to be paid to each of these four Companies and decisions on these applications are this day being rendered by the Railroad Commission. In view of this fact, and of the great difficulties surrounding the establishment of rates under existing conditions, which difficulties will all be obviated in case the city should acquire these properties and thereafter operate them as a unit, I consider that it would be inadvisable and inexpedient to reach a determination on the question of rates in these cases before the people of Santa Monica have had an opportunity to determine whether or not the city will acquire these properties.

Accordingly, these cases will be held open, in so far as concerns the establishment of general rates until the people of Santa Monica have had a reasonable opportunity to determine whether or not the city will acquire the water properties of these Companies.

I believe that I have now considered each of the issues in this case properly capable of determination at the present time. In case it should hereafter become necessary to resume consideration of the question of general rates, it may be necessary also to give further consideration to certain of the Water Company's rules and regulations not specifically referred to herein.

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 same having been submitted and being now ready for decision,

IT IS HEREBY ORDERED, as follows:

1. Irwin Heights Water Company shall forthwith take such steps as may be necessary to secure adequacy of pressure and supply to its consumers on the higher elevations, and particular attention is hereby directed in this connection to the complaints of E.M. Bolton, Mrs. Georgia Folkner, Mrs. Emma Monroe and Cora B. Smelser.

2. Upon demand of any consumer, and the deposit by said consumer of the sum of \$10.00, Irwin Heights Water Company shall install a meter to serve said consumer, and said sum of \$10.00 shall be returned to the consumer by a credit on his water bill of \$1.00 per month until the entire amount is repaid. If the consumer requires the installation of a meter of a size in excess of a 5/8 inch meter on a 3/4 inch connection, the consumer shall deposit the entire cost of the meter and the installation thereof, whereupon the excess cost over \$10.00 shall be returned to him by the Water Company by a credit on his water bill each month of 1/12 of such excess charge, the \$10.00 to be returned as hereinbefore provided.

3. Irwin Heights Water Company shall make a minimum meter charge of \$1.00 and no more and shall not have the right to install, on its initiative, more than one meter for any one house, or for any one lot.

4. In all other respects further consideration of the above-entitled proceeding shall be deferred until it



it is definitely ascertained whether or not the City of Santa Monica will elect to acquire the lands, property and rights of the Irwin Heights Water Company.

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 30<sup>th</sup> day of June, 1915.

Max Shelton  
H. J. Loveland  
Alex Gordon  
Edwin D. Edgeston  
Frank R. Keeler

Commissioners.