

water is greatest, said cessation being without warning by the utility; and that the system is inadequate to supply a sufficient quantity of water to meet the needs of its consumers and, especially, those residing on the higher elevations served, roughly defined as that portion of the tracts north of Monterey Drive.

Complainants ask that an investigation be made and the utility ordered to make such improvements and additions to its system as are necessary to supply an adequate and sufficient quantity of water to its consumers. Defendant, in its answer, admits that it has heretofore delivered an insufficient quantity of water to adequately supply the needs of its consumers.

The water supply of this system is obtained from dug wells located in the Laguna Canyon, about four (4) miles from Laguna Beach and is transmitted by four inch (4") riveted steel pipe lines at a distance of approximately four (4) miles, to a 100,000 gallon reservoir and a 20,000 gallon tank located at the northeasterly corner of the tract, whence it is distributed throughout the tract in iron and steel pipes. The right to develop this water was obtained from the Irvine Estate, the agreement providing that the utility may develop water for use within the three above named tracts exclusively.

The territory served is a sloping mesa overlooking the ocean, the elevation varying from forty feet (40') to two hundred and twenty-five feet (225') above sea level at the ocean. In addition to this mesa, defendant supplies water for a small tract practically at sea level at the mouth of Laguna creek. The majority of complainants reside in the higher portions of the tract, service heretofore having been particularly inadequate in that portion of the tract northerly of Monterey Drive. Frequent interruptions of service have occurred, particularly during the summer

season when the demand is largest and the necessity for water greatest. Defendant admits that service has been very poor in this portion of the tract and claims that it is and has been willing, to do all within its power to remedy existing conditions, but that the revenue derived from the sale of water has been insufficient to meet operating expenses and that it is financially unable to make the necessary improvements.

Mr. H. G. Heisler, Secretary and principal stockholder of the Laguna Cliffs Water Company, testified that he is also an officer and principal owner of the Laguna Cliffs Company, the realty company which owned and marketed the Laguna Cliffs Tract, and that in order to market this tract advantageously it was necessary to develop a supply of water and deliver it to the tract and, finally, that without this water delivered at present rates, which are \$12.00 per annum per consumer, he would have been unable to successfully carry out his land operations. He contends that the revenue has been insufficient to meet operating expenses alone totally disregarding the creation of a fund to replace the plant at the end of its life, or interest upon his investment. In order to dispose of his land, he has continued to operate upon this basis, the inevitable result being the deterioration of the system to such an extent that adequate service cannot be rendered residents to whom Mr. Heisler sold land and promised an adequate water supply. He now finds himself in the position of having disposed of approximately two thirds of this realty holdings and with a water system on his hands which required the expenditure of considerable sums of money, to improve and to replace the present obsolete, depreciated and ineffective water facilities and to remedy the admittedly intolerable conditions which now exist. The system has been permitted to become in this condition because defendant has been primarily operating a land company, and through

his desire to market the tract, has operated the system in an inefficient manner and has neglected to adequately provide for its needs, preferring to charge low rates and deliver water through unmetered services as an inducement to prospective land buyers rather than care for the actual needs of the consumers of the water utility.

The tract was laid out in 1906 and 1907 and the water plant installed. It appears that the plan, at that time, was to market the portion of the tract lying nearest the ocean, which is the portion south of Monterey Road. The distributing pipe system was installed to meet the needs of these consumers. As the tract developed, prospective land buyers desired homes at higher elevations and land was sold them by Mr. Heisler, lateral pipe mains being extended from the main distributing lines to the prospective consumers at higher elevations. This layout permits of consumers on lower levels taking the entire water supply and depriving those of the consumers residing at higher elevations of water.

No effort has been made to remedy this condition, either by metering or other means until, at this time, the condition has become so intolerable that it is imperative that steps be taken to remedy it.

It developed at the hearing that defendant now proposes to make certain improvements to the system and has made the necessary financial arrangements. These improvements consist of:-

(1)- The installation of a pump plant and pipe line to convey water from the reservoir to a tank to be installed at an elevation of approximately 275 feet above sea level, this elevation being some fifty feet above the highest point in the tracts;

(2)- The installation of the following pipe lines:

(a)- A pipe line 3" in diameter from the proposed tank to the intersection of the existing 2" and 4" pipes on Aster Street corner Hill Street.

(b)-A 1" pipe line from the intersection of two 2" pipe lines at the corner of Hill Street and the alley between Holly and Aster Streets along Hill Street to its intersection with the two (2) inch pipe line extending through Block 23.

This it is contended will remedy present inadequate service and provide a circulating system.

The engineer of the Railroad Commission's Hydraulic Division testified that the four inch (4") transmission main from the source of water in Laguna Canyon to the reservoir, is in bad condition and should be replaced; that a tank should be erected at approximately two hundred and seventy-five feet (275') elevation, a pumping plant installed to boost water from the transmission main, either from a point in the canyon or the present reservoir, into the tank; that a four inch (4") pipe line should be installed from the tank, along Hill Street to a point in Block 31, connecting with the two inch (2") main ending at that point, and a three inch (3") pipe line from the reservoir to the intersection of two two inch (2") pipe lines on Hill Street at a point in Block 10.

In his opinion, service will be poor at times, to those of the consumers residing in the upper portions of the tract even if these improvements are made, unless the system is metered, because of the fact that consumers at lower elevations will, if unrestrained, open all their taps at the same time in order to irrigate their lawns and gardens and supply their domestic needs, and that this is the most important element in improving the system.

It was suggested that if the company is financially unable to install these improvements at the present time, a temporary remedy can be secured by the method advanced by Mr. Heisler, with the additional improvement of metering the entire system.

It is contended by defendant that it is financially

unable to construct all of these improvements at this time. It appears that, for this reason, and for the further reasons that the season of heaviest demand is near, and the present high prices of materials owing to war conditions, it is advisable that the plan as outlined by Mr. Heisler, revised as suggested by the engineers of the Commission's Hydraulic Division, be put into effect.

O R D E R

Public hearings having been held in the above entitled proceeding and the case having been submitted, and being now ready for decision.

IT IS HEREBY FOUND AS A FACT that the service rendered by the Laguna Cliffs Water Company is inadequate and that an insufficient supply of water has been delivered by it to meet the needs of its consumers and basing its order on the foregoing finding of facts and all statements of fact set out in the opinion preceding this order.

IT IS HEREBY ORDERED that the Laguna Cliffs Water Company construct within sixty (60) days from the date of this order, the following improvements and additions to its water system:

1.- A storage tank of at least 20,000 gallon capacity at an elevation approximately two hundred and seventy-five (275') feet above sea level.

2.- A pump plant and pipe line to conduct the water either from its present transmission main, or reservoir into the tank.

3.- The following pipe lines:-

(a)- A pipe line three inches (3") in diameter from the proposed tank to the intersection of the existing 4" and 2" pipe lines at the corner of Aster and Hill Streets.

(b)- A 1" pipe line from the intersection of two 2" pipe lines corner Hill Street and the alley extending through

Block 15 Laguna Cliffs Tract along Hill Street
to its intersection with the two inch pipe line
extending through Block 23 Laguna Cliffs Tract.

IT IS HEREBY FURTHER ORDERED that the Laguna Cliffs
Water Company proceed within 60 days to install meters on service
connections and deliver water by measured rates, and shall com-
plete the metering of its entire system within two years from date.

IT IS HEREBY FURTHER ORDERED that within twenty (20)
days from the date of this order the Laguna Cliffs Water Company
shall file detailed plans and specifications of the proposed
constructions and each thirty days thereafter shall report progress
of the construction until its completion.

Dated at San Francisco, California, this 3rd day of

July
June, 1918.

Edwin O. Esquitos

H. Howard

Frank R. Deane

Commissioners.