

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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Sherman A. Paddock, et al, )  
Complainants, )

vs. )

Las Flores Water Company, a )  
Corporation, )  
Defendant )

Case No. 1098.

Raymond G. Thompson, for complainants.

Anderson and Anderson, for defendant.

By The Commission:

O P I N I O N

The complaint in the above entitled proceeding alleges in effect that defendant is a public service corporation supplying water to the inhabitants of the territory immediately adjoining the city of Pasadena on the northeast, and has furnished water for domestic purposes to six or more consumers who own no stock in defendant corporation. It is also alleged that defendant has charged and collected from these six or more consumers a minimum monthly charge of \$1.50 for all water used up to 450 cubic feet and \$0.15 for each 100 feet in excess of that amount, while consumers who own one or more shares of the stock of defendant corporation are charged \$1.50 for all water used up to 900 cubic feet. It is further alleged that charges to consumers who are not owners of stock are excessive and this Commission is asked to establish a

monthly minimum charge of \$0.90 for 600 cubic feet of water or less and \$0.10 per 100 feet for all water used in excess of 600 feet.

Defendant denies that it is a public service corporation and alleges that it is a mutual water company, not conducted for profit but for the purpose of distributing its water among its stockholders. Defendant admits that six consumers, not stockholders in the corporation, are supplied with water for domestic purposes, but alleges that these persons are occupants of land within the district served, and each of the premises occupied by these persons is endorsed, upon stock issued by defendant, as the location where water is to be used.

Public hearings in this proceeding were held in Los Angeles.

If defendant is a mutual water company, this Commission is without jurisdiction and cannot establish rates, therefore the public utility status of defendant will first be considered and passed upon.

Chapter 80, Statutes of 1913, states in effect that a mutual water company is an association organized for the purpose solely of delivering water to its stockholders at cost, and is not subject to the jurisdiction of this Commission.

It is apparent from the testimony and from an inspection of defendant's articles of incorporation and by-laws that this corporation was organized as a mutual water company, and the evidence clearly shows that defendant's operations have been conducted without profit as is indicated by the fact that rates have been changed from time to time as costs of operation have increased or decreased.

It has been the custom of stockholders to rent lands, to which stock is appurtenant, to persons not stockholders who have paid charges directly to defendant, the bills being guaranteed by the stockholders. The evidence clearly shows, however, that in effect these moneys are paid, for and in behalf of the stockholders, by the lessees who act as agents only.

After a careful consideration of all the evidence, we are of the opinion that the intention of defendant has been at all times to conduct its affairs as a mutual company and we hereby find as a fact that defendant is a mutual water company.

O R D E R

Sherman A. Paddock and others having made complaint against Las Flores Water Company, public hearings having been held, and being fully advised in the matter and basing our order on the findings of fact contained in the foregoing opinion,

IT IS HEREBY ORDERED, that the complaint in above entitled proceeding be, and the same is hereby dismissed.

Dated at San Francisco, California, this 12th day of May, 1919.

Edwin O. Edgerton  
H. J. Loveland  
Frank R. DeWitt  
H. R. Brundage

Commissioners.