

Decision No. 26538

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

J. Wayne Darling, John W. Janes,
Orla L. Siple, and Martin A. Emerick,
Complainants,

vs.

Case No. 3557.

Emeline A. Swift, Laura V. Swift,
C.C. Juster, May V. Juster,
Frank Laughlin, and Naoma Laughlin,
conducting a public utility water
business under the name and style
of MONTECITO OIL PLACER MINE,

and

Emeline A. Swift, Laura V. Swift,
C.C. Juster, May V. Juster,
Frank Laughlin, and Naoma Laughlin,

Defendants.

X. Martin Smith and W.C. Kennedy,
for complainants.
Haight & Trippet, by Walter L. Bruington
and Raymond Haight, for defendants
Emeline A. Swift, Laura V. Swift and
Montecito Oil Placer Mine.
Durley & Downes, by W. Mark Durley and
Edward C. Maxwell, for defendants
C.C. Juster, May V. Juster, Frank
Laughlin and Naoma Laughlin.

BY THE COMMISSION:

O P I N I O N

Complainants allege that defendants operating a public
utility supplying the unincorporated town of Summerland in Santa
Barbara County with water for domestic and commercial purposes

have failed to provide an adequate quantity of water for household and sanitary purposes and that such water as furnished has been so mixed with crude oil as to be unfit for use. It is further alleged that defendants have failed to properly maintain the plant or provide necessary storage facilities. The complainants ask the Commission to direct defendants to install, without delay, improvements to provide a proper water supply to all consumers in Summerland.

Three separate answers were filed, one in behalf of C.C. Juster and May V. Juster, another by Emeline A. Swift and Laura V. Swift, and one by Frank Laughlin and Naoma Laughlin. These answers deny generally the allegations in the complaint and allege that no funds are available for improvements and that the revenues do not warrant the expenditures necessary to provide the class of service demanded.

Public hearings were held in this proceeding before Examiner Geary at Santa Barbara.

The water supply of this system is obtained from a tunnel in Toro Canyon about five miles southeast of Summerland, constructed in 1888 by Charles E. Swift and his associates originally for the purpose of obtaining crude petroleum. The oil obtained was mixed with large quantities of water and, as the oil seepage began to lessen and the operations become unprofitable, efforts were made about the year 1900 to separate and waste the oil and sell the water for which there was a ready demand. Water is now delivered to about ninety consumers in Summerland through a gravity transmission line consisting of four-, three- and two-inch pipe. The distribution system is made up of approximately 12,000 feet of standard screw pipe two inches in diameter or less. There is

no storage on the system and but twenty-five metered services. No other water supply is available to the residents of this community.

This water plant is operated under the fictitious name of Montecito Oil Placer Mine by Emeline Swift as manager. May V. Juster owns an eleven-fortieths (11/40ths) interest in the property; Emeline A. Swift, eleven-fortieths (11/40ths); Laura V. Swift, ten-fortieths (10/40ths); and Frank Laughlin, eight-fortieths (8/40ths); all interests are undivided.

The rates now in effect were filed with the Commission in 1922 and are given below:

FLAT RATES

Regular flat rate for all household uses where water is not used for irrigation, per month-----	\$1.50
Where water is used for irrigation in addition to household use, per month-----	2.00

METER RATES

Monthly Minimum Charge-----	\$1.50
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Monthly Quantity Rates:

From 0 to 20,000 gallons, per 1,000 gallons-----	\$0.25
Over 20,000 gallons, per 1,000 gallons-----	0.20

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The evidence conclusively shows that for a great number of years defendants have made no efforts to properly improve, maintain or keep in reasonable repair any part of this system, especially the source of supply. Several years ago, a well, occasionally used as a supplemental supply, was practically abandoned. No serious attempt has been made to obtain a reasonable

degree of separation of oil and water with the result that all consumers have been forced to install individual tanks upon their premises for this purpose. Recently, however, and since the first hearing held in this proceeding, defendants have installed a baffle trough near the tunnel which has proved of material benefit in the oil elimination.

The consumers have indicated that they are willing to pay a reasonable increase in water charges to assist defendants in financing the necessary improvements. For this reason evidence was submitted relative to cost of investment, operation and depreciation and improvements on behalf of defendants and by X. Martin Smith, consulting engineer for complainants, and by R.E. Savage, one of the Commission's engineers. A consideration of this evidence shows that the estimated historical cost of the used and useful properties including those portions of the land holdings necessary for public utility operations at present fair market value is twenty-three thousand one hundred fifty-one dollars (\$23,151) as of July 1, 1933; depreciation annuity, one hundred ninety-one dollars (\$191) based upon the sinking fund at five per cent; gross revenues (1932), two thousand one hundred dollars (\$2,100) and reasonable future annual operating costs, one thousand six hundred thirty dollars (\$1,630). It should be pointed out in connection with the operating charges that the testimony indicated that the duties as performed by one of the managing owners of this system do not warrant the monthly payment of sixty-five dollars (\$65) therefor. A considerable portion of this amount could more fairly and reasonably be expended for labor and actual upkeep and repairs on the system.

From the above, it is clear that a moderate increase in present rates should enable the defendants to provide for the improvements hereinafter directed to be installed. The schedule of rates set out in the following Order, it is believed, will not be objectionable to the consumers provided such improvements are properly made without unnecessary delay.

Improvements.

The immediate installation of a storage tank and an additional oil separator at or near the town of Summerland is absolutely necessary. While the recommendation of the engineers is for not less than 50,000 gallons of storage capacity, it appears that existing conditions make it advisable that present storage requirements be fixed at 25,000 gallons at this particular location; an additional unit of 25,000 gallons may hereafter be ordered installed when circumstances make it advisable. The testimony shows that a suitable site for these storage and separation facilities is now available to defendants without a monetary outlay.

Provision should be made for breaking the pressure at three or more points along the transmission line which at present operates through a drop in elevation of approximately 1,500 feet. Development of additional water will make this absolutely necessary in order to avoid rupture of the pipe. For the present such breaks can be accomplished with little expenditure through erection of small wooden or concrete tanks or boxes.

A very substantial saving in water can be realized by defendants through the adoption of a program of fully metering

the system. This will not only discourage excessive use of water but will practically eliminate any tendency to waste water unnecessarily. While the installation of meters will not be required by order, yet it is strongly urged that the utility attempt to have at least half of the present flat rate services equipped with meters within a period of eighteen months from date and completely metered by the end of the next ensuing six months.

Water Supply.

The present output of the tunnel was measured this summer at 2.3 miner's inches (29,730 gallons per day), a quantity of water wholly insufficient for the existing number of consumers. While some testimony was offered on behalf of defendants that arrangements had been made to drill a well which should result in producing at least ten miner's inches,⁽¹⁾ yet such testimony was vague and uncertain and failed to indicate that any dependable reliance can be placed upon these statements for the necessary additional water. The record indicates that at least half of the water intercepted by the tunnel in Toro Canyon is unquestionably lost by seepage through improper methods of collecting. Although recommendations were made for the complete paving of the tunnel floor, it is also clear that substantially equivalent results may be obtained by further development at the points of inflow in the tunnel and by the improvement of the collecting and conducting works at considerably less expense. At all events, it is clear that this utility is obligated to its consumers to provide additional water to the reason-

(1) One miner's inch is considered to be the equivalent of one-fiftieth (1/50th) of a cubic foot of water per second.

able extent of its availability, a duty which the evidence shows clearly it heretofore has ignored and disregarded completely.

The costs of the improvements as above contemplated are shown by the record to be approximately as follows:

Storage - 25,000 gallons-----	\$ 600
Oil separator at storage tank-----	50
Tunnel development-----	400
Three pressure breaks-----	50

Total-----\$1,100

Provision will be made in the following Order for the installation of the storage tank and oil separator and for obtaining additional water within ninety (90) days from the date of this Order. The pressure breaks may be installed whenever the conditions of water supply require and will not be definitely fixed by this Order.

This water system is not encumbered in any manner and, in view of the small expenditure which will be required to be made by the owners of this water system to install the improvements outlined above, it is self-evident that this Commission must insist upon full and immediate compliance with its Order herein to insure relief to the consumers from the dangerous and intolerable water service heretofore and now supplied by defendants.

O R D E R

Public hearings having been held in the above entitled proceeding, based upon the findings in the Opinion,

It is hereby found that the rates fixed in the Order herein are and will be fair and reasonable alike both to the utility and the consumers under the circumstances and conditions here

present, and, now, therefore

IT IS HEREBY ORDERED:

1. That Emeline A. Swift, Laura V. Swift, May V. Juster and Frank Laughlin, owning and operating, under the fictitious firm name and style of Montecito Oil Placer Mine, a public utility water works supplying the residents in and in the vicinity of the unincorporated town of Summerland, County of Santa Barbara, be and they are hereby directed to obtain and/or to install or cause to be installed in proper working order, within ninety (90) days from the date of this Order, in a manner satisfactory to and subject to the written approval of this Commission, the following improvements to said public utility water works:

- a. Arrangements shall be made to obtain additional water in such quantities as will provide the utility consumers with water in amounts adequate and reasonable under the conditions of water supply peculiar to the territory in which this water works is located. Said water may be obtained by purchase from outside sources, by further development and improvement of collection facilities in the present tunnel in Toro Canyon, from wells, or from all such sources, or otherwise.
- b. A storage tank of not less than 25,000 gallons' capacity, to be located at or near the distribution area in the town of Summerland.
- c. An oil separating device or baffle box of a capacity of not less than 180 cubic feet and with at least 30 square feet of baffle area, said separating device to be attached to or installed immediately adjacent to the storage tank mentioned in Paragraph a. above.

2. That Emeline A. Swift, Laura V. Swift, May V. Juster and Frank Laughlin be and they are hereby directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, the following schedule of rates for water delivered to their consumers in and in the vicinity of the town of Summerland, Santa Barbara County, said rates to be charged for all service rendered on and after the first day of January, 1934:

FLAT RATES

For each consumer, per month-----	\$2.00
Additional for lawn and garden irrigation during months so used, per month-----	.50

METER RATES

Monthly Minimum Charges:

For 5/8 x 3/4-inch meter-----	\$1.75
For 3/4-inch meter-----	3.00
For 1-inch meter-----	4.00
For 1 1/2-inch meter-----	6.00
For 2-inch meter-----	8.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rates:

From 0 to 500 cubic feet, per 100 cubic feet-----	\$0.35
Next 1,000 cubic feet, per 100 cubic feet-----	.25
Next 1,500 cubic feet, per 100 cubic feet-----	.20
Over 3,000 cubic feet, per 100 cubic feet-----	.15

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3. That Emeline A. Swift, Laura V. Swift, May V. Juster and Frank Laughlin be and they are hereby directed

to file with this Commission, within thirty (30) days from the date of this Order, rules and regulations governing relations with their consumers, said rules and regulations to become effective upon their acceptance for filing by this Commission.

IT IS HEREBY FURTHER ORDERED that, in the event said Emeline A. Swift, Laura V. Swift, May V. Juster and Frank Laughlin do not comply with the provisions of Paragraph 1. (Sections a., b., and c.) of the Order herein, this Commission reserves the right to revoke and annul the schedule of rates herein authorized to be placed in effect on the first day of January, 1934, and cause to be substituted therefor the schedule of rates at present effective and to make such other order or orders as may be meet and just in the premises.

For all other purposes, the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 20th day of November, 1933.

C. L. Leary
Leon Whitely
M. J. Linn
W. B. Harris
Walter H. Mason
Commissioners.