

Decision No. 26559

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of
MAY A. MORROW to discontinue
public utility business carried
on under the name of Clements
Water Works.

Application No. 19092.

ORIGINAL

May A. Morrow, in propria persona.

BY THE COMMISSION:

O P I N I O N

May Morrow, who owns and operates a public utility water system supplying twenty-nine consumers in the unincorporated town of Clements in San Joaquin County, asks for authority to discontinue service upon the allegation that the revenues are insufficient to meet operating expenses and pay interest upon borrowed money.

A public hearing in this matter was held before Examiner MacKall at Clements.

This water system was installed originally some thirty or forty years ago and has been operated as a public utility continuously to date. There is no other source of water supply available to the residents of Clements except such as could be obtained through the installation of private wells. The present plant consists of a well, an automatically-controlled pump installed three years ago, a 5,000-gallon wooden storage tank and the distribution mains. The original cost has been estimated to be approxi-

mately Two Thousand Dollars (\$2,000). The tank is in a bad state of repair and will need replacement within the next two or three years. Lack of proper maintenance has resulted in certain of the mains showing considerable leakage.

The operating expenses and revenues for the year 1932 and for the period January 1 to October 1, 1933, as submitted in behalf of applicant, are as follows:

	<u>1932</u>	January 1 to October 1 <u>1933</u>
Revenues	\$744	\$338
Expenses	\$323	\$245
Depreciation	<u>20</u>	<u>15</u>
Net Revenues	\$401	\$ 78

From the above figures, it appears that during the year 1932 the utility received a yield very considerably over and above a fair return on its investment and for the first nine months of 1933 received a net revenue of Seventy-eight Dollars (\$78). However, Mrs. Morrow is no longer a resident of the town of Clements and is unable to look after the operation of the plant herself. Practically no charges have been made for collections of accounts, management or for the services of a caretaker to operate the water works. Hereafter additional expense will be incurred of at least Ten Dollars (\$10) a month for the services of a collector and pump operator. Another difficulty which has faced the owner of this utility is the refusal of certain consumers to pay their water bills on the ground that they are owed money either by Mrs. Morrow or members of her immediate family, which claimed

accounts they maintain are proper deductions from their bills for water service. It is clearly evident that personal and private mercantile accounts cannot be recognized as a sufficient reason for failure of the creditor consumer to pay for a public utility service. We are here faced with the fact that applicant has been unable to collect all of the moneys due her for water furnished. A further serious handicap has been suffered by this utility through the loss of engine and tank service furnished to the Southern Pacific Company at Clements which was discontinued this year. The revenue received from this company, formerly Thirty Dollars (\$30) per month, has now been reduced to Two Dollars (\$2.00).

Based upon the evidence presented in this proceeding, it appears that in the immediate future the maximum possible annual revenue receivable through operating this plant would be in the neighborhood of Four Hundred and Twenty-eight Dollars (\$428) and the expenses, including depreciation, would amount to not less than Four Hundred Fifty-five Dollars (\$455), indicating a deficit of Twenty-seven Dollars (\$27).

In view of the fact that the owner of this utility is faced with the immediate necessity of replacing several of the water mains and installing a new storage tank, it appears that the continuation of water service by applicant is no longer possible under present conditions except at a severe financial loss. Nothing further remains therefore than to permit the discontinuance of further public utility service by applicant upon the giving of reasonable notice thereof to present consumers and upon the allowance of a sufficient period of time to enable such consumers to provide water for themselves or their community from other

sources.

O R D E R

May A. Morrow having made application to this Commission for authority to discontinue public utility water service in and in the vicinity of the unincorporated town of Clements, County of San Joaquin, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises, now, therefore

IT IS HEREBY ORDERED that May A. Morrow be and she is hereby authorized to discontinue further public utility service to her consumers in and in the vicinity of the unincorporated town of Clements, County of San Joaquin, on the fifteenth day of February, 1934, and thereafter stand relieved of all further public utility obligations and liabilities in connection therewith, subject to the following terms and conditions:

1. Said May A. Morrow, within fifteen (15) days from the date of this Order, shall notify each of her consumers in writing to the effect that she intends to discontinue further public utility service under the terms of this Order on the fifteenth day of February, 1934.
2. Said May A. Morrow shall file with this Commission, within twenty (20) days from the date of this Order, an affidavit to the effect that she has complied with the conditions of Paragraph 1 above.

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 25th day
of November, 1933.

OC Deane
Lion O'Connell

W J Kim

Walter Brown
Commissioners.