

Decision No. 26915

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

The Monte Regio Water System,  
Complainant,

vs.

Monterey County Water Works,  
Defendant.

ORIGINAL

Case No. 3578.

John Spencer, for complainant.

Harry Reinhardt and D.W. Scripture,  
for defendant.

John M. Thompson, for Monterey County  
Trust and Savings Bank.

BY THE COMMISSION:

O P I N I O N

Romie C. Jacks, who operates a water system under the fictitious firm name and style of Monte Regio Water System and is engaged in distributing and selling water for domestic purposes in a subdivision called Monte Regio Tract, situate partially in and also adjoining the City of Monterey, asks the Commission to reduce the rate charged him by The Monterey County Water Works for water. It is alleged that defendant's rates are so unreasonably high that complainant is unable to obtain sufficient revenue to pay his maintenance and operating expenses.

In its answer, defendant denies that its rates are excessive and asks for a dismissal of the case.

A public hearing in this matter was held before Examiner Johnson at Pacific Grove.

In 1926, Jacks subdivided into 300 lots 100 acres of his 550-acre Monte Regio Tract and placed said lots on the market. Originally negotiations were entered into with the former owner of defendant's waterworks in an effort to have said owner take over the duty and responsibility of supplying water to lot purchasers. No arrangements satisfactory to complainant being possible, he refused to have the installation made under the company's rules and regulations and thereupon installed his own plant at a cost of \$40,752, purchasing his water, however, from the defendant company at its regular rates.

Complainant charges his consumers the same rates effective on the company's system and is, therefore, unable to meet his fixed operating costs. For this reason, he demands a reduction in the wholesale rate of water purchased by him. According to the record, there are a vast number of consumers who use far greater quantities of water from the company than Jacks. It is obvious that such water users should be entitled to at least the same reduction as complainant. However, there was not sufficient evidence presented in this proceeding to reestablish rates throughout this utility's entire system which supplies not only Monterey but also the cities of Carmel and Pacific Grove and much intervening and adjacent territory.

Mr. Jacks claims that he cannot furnish fire protection under existing company rates and conditions, principally because he must pay for all water passing through his master meter. The

City of Monterey now pays defendant three dollars (\$3.00) per hydrant per month and, without doubt, would be willing to pay complainant under the same or some similar arrangement for such hydrants as would be installed in that part of the system lying within its corporate limits. In view of the fact that fires occur but infrequently, it would appear that this additional service should not place any further burden upon complainant but, on the contrary, might even prove a source of additional net revenue.

Complainant alleges that the company has in the past and is now serving consumers at less than its regular rates. The only evidence of such discrimination, however, shows that only two consumers are being so served, the United States Government at the Presidio of Monterey and the City of Pacific Grove for use only on one certain municipal recreation project. However, these two services are made by agreement under and in accordance with this Commission's General Order No. 45 which authorizes and permits public utilities to grant reduced rates to federal and state governments and political subdivisions thereof. (See Decision No. 26539 dated November 20, 1933, involving water rates paid by the Presidio of Monterey.)

Under the circumstances, the remedy for this unfortunate water service problem is for the company to purchase this small independent system and operate it in conjunction with its own plant which completely surrounds it, or for complainant to apply for the establishment of a more remunerative schedule of rates. Obviously, the transfer of the system to defendant is the more satisfactory and permanent procedure from all viewpoints.

#### O R D E R

Romie C. Jacks, operating under the fictitious firm name

and style of Monte Regio Water System, having filed a formal complaint as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the above entitled proceeding be and it is hereby dismissed.

Dated at San Francisco, California, this 21 day of April, 1934.

W. H. C. C.  
Leon Whitwell  
W. H. C. C.  
W. B. Davis  
W. H. C. C.  
Commissioners