

Decision No. 27718

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of the Del Rio Woods Properties, Inc. of San Francisco to sell and A.A. Schwarz and Sallie E. Schwarz in joint tenancy to buy, and establish rates, for an order authorizing the sale and establishing rates of a water system at Del Rio Woods near Healdsburg, California.

ORIGINAL

) Application No. 19658.

A.A. Schwarz, for himself.

T. Scoble, for Del Rio Properties, Inc.

Mrs. John E. Hamlen, consumer, for herself.

Mr. & Mrs. B.F. Towle, consumers, for themselves.

BY THE COMMISSION:

C O P I N I O N

In this application Del Rio Woods Properties, Inc., asks for an increase in its water rates and also for authority to transfer its water works to A.A. Schwarz and Sallie E. Schwarz, his wife, who join in the application.

A public hearing in this matter was held before Examiner MacKell at Healdsburg.

The above company, engaged primarily in the real estate business, in 1927 acquired a subdivided tract of land on the Russian River at Fitch Mountain about a mile from Healdsburg. This property was called Del Rio Woods and is now mainly a summer resort with occasional week-end and holiday residents. At present there are eleven permanent occupants of the tract out of a total

of ninety-seven consumers. The present rates are twelve dollars (\$12.00) per year, annual charge payable in advance. The meter charge is thirty-five cents (35¢) per 100 cubic feet for all use. All service is now on a flat rate basis although the prospective purchaser intends to install meters.

This company was ordered in Decision No. 24386, dated January 11, 1932, to replace some 4,650 feet of pipe line which had so seriously discolored and tainted the water as to make its use impossible for drinking, cooking and washing purposes. Mr. Scoble, the owner of practically all the stock in this company, met with serious financial reverses in connection with this property and was able to replace only a portion of this line. During negotiations with Mr. Schwarz, the latter agreed to purchase the plant and complete the replacement, which installation has now been accomplished. Mr. Schwarz has been operating the plant during the past year and has spent approximately twenty-eight hundred dollars (\$2,800) in improvements, consisting of larger pipe lines, a new pump at the main well source at the River, a booster pump, and certain additional storage facilities. It was generally understood at the time of the hearing in the former Case No. 3109, Decision No. 24386, that, if upon installation of the recommended improvements the existing rates were inadequate, the owner would apply to this Commission for the establishment of a reasonable schedule of charges. All consumers present agreed that the service has been much better and is now satisfactory except in one section of the tract. Mr. Schwarz has agreed to remedy this difficulty during the coming year. The consumers also stated that they had no objection to the fifteen-dollar charge requested in view of the better class of water service now provided.

The present charge of twelve dollars (\$12.00) per year is considerably below the average for water service in other similar resort areas along the Russian River.

The evidence shows that the estimated original cost of the plant as of December 31, 1934, is nine thousand six hundred forty dollars (\$9,640); depreciation annuity on the five per cent sinking fund basis, one hundred ninety-six dollars (\$196); revenues, eleven hundred sixteen dollars (\$1,116); and expenses, nine hundred seventy-five dollars (\$975). The above operating expenses for 1934 include only charges for operation of the new pumping equipment for one-half the year. There necessarily will be some increase for a full year's operation of the new equipment, together with some additional expense for meter reading, meter repairs, and billing. Under the circumstances, it appears that an increase in rates sufficient to cover the additional operating costs and depreciation should be granted at this time. However, the schedule of meter rates proposed by Mr. Schwarz appears to be somewhat discriminatory and not fairly applicable to the resort conditions in the area served. The schedule of meter rates established in the Order below should prove more equitable and fair to the consumers.

A review of the evidence presented in this proceeding indicates that the best interests of the public will be served by authorizing the transfer of this system to Mr. Schwarz who is not only in a financial position to install the necessary improvements but, being a resident of the subdivision served and having a general construction and engineering experience, should be in a position to insure satisfactory service at all times. It should be pointed out again that immediate steps should be taken by the purchaser to remedy the unsatisfactory pressure and inadequate

capacity conditions existing in the section of the tract already mentioned above.

O R D E R

Application as above entitled having been filed with this Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

It is hereby found as a fact that the rates and charges of Del Rio Woods Properties, Inc., a corporation, for water delivered to the consumers in Del Rio Woods, Sonoma County, in so far as they differ from the rates herein established, are unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged for the service rendered, and

Basing its Order upon the foregoing finding of fact and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED as follows:

1. Del Rio Woods Properties, Inc., a corporation, be and it is hereby authorized to transfer to A.A.Schwarz and Sallie E. Schwarz the water works supplying Del Rio Woods in the County of Sonoma as said water works is more particularly described in the deed attached to the application herein which is hereby made a part hereof by reference, subject to the following conditions:

- (a) The authority herein granted shall apply only to such transfer as may have been made on or before May 31, 1935, and a certified copy of the final instrument of conveyance shall be filed with the Commission by Del Rio Woods Properties, Inc., a corporation, within sixty (60) days from the date of this Order.

(b) Within thirty (30) days from the date of this Order, Del Rio Woods Properties, Inc., a corporation, shall file with the Railroad Commission a certified statement indicating the date on which it relinquished control and possession of the properties herein authorized to be transferred.

(c) The consideration for the transfer herein authorized shall not be urged before this Commission or any other public body as a finding of value for rate-fixing or any other purpose than the transfer herein authorized.

2. A.A. Schwarz and Sallie E. Schwarz be and they are hereby authorized and directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all service rendered consumers in Del Rio Woods, Sonoma County, effective for the calendar year of 1935 and thereafter until and unless modified by order of this Commission:

FLAT RATE

Annual charge payable in advance for calendar year-----\$15.00

METER RATES

Annual charge payable in advance for calendar year-----\$15.00

This charge will allow a use of 500 cubic feet of water per month for each of the following months - June, July, August, and September - and 300 cubic feet of water for each of the other months of the year.

Excess water above 500 cubic feet for the months of June, July, August, and September and in excess of 300 cubic feet per month for the other months of the year shall be charged for each month at the following quantity rates:

Monthly Quantity Rates - Excess Use:

Use to 1,000 cubic feet per 100 cubic feet-----30¢
Over 1,000 cubic feet per 100 cubic feet-----25¢

The above annual charges are due and payable on the first of January of each year except for the year 1935 when payment will be deemed due and payable on the fifteenth day of February.

At the option of the consumer, the above annual charges may be paid in two installments as follows:

First installment due and payable January 1st*-----\$7.50
Second installment due and payable July 1st----- 7.50

* For the year 1935 only, the first installment shall be deemed due and payable on February fifteenth.

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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 4th day of February, 1935.

John O. Williams
M. J. Lewis
W. B. Harris
William R. ...
Frank R. ...
Commissioners.