

Decision No. 23365

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation upon the Commission's own motion into the public utility status, rates, rules, regulations, charges, classifications, practices, contracts, operations, and service, or any of them, of LIVE OAKS SPRINGS CORPORATION, a corporation, MICHAEL RIEDER, JOHN BEYER, ROBERT TOOTLE, First Doe, Second Doe, First Doe Company, a corporation, Second Doe Company, a corporation, and John Doe and Richard Roe, a co-partnership, and each of them, rendering domestic and/or irrigation water service in and in the vicinity of Live Oaks Springs Resort or Live Oak Springs, San Diego County, California.

ORIGINAL

Case No. 4153

In the Matter of the Application of LIVE OAKS SPRINGS CORPORATION, a California Corporation, to become a public utility and for authority to sell water for domestic purposes, and for a Certificate of Public Convenience and Necessity.

Application No. 20763

Victor Hyatt, for Live Oaks Springs Corporation.
Mrs. Nellie Heard, for Michael Rieder.
Robert Tootle, for himself and John Beyer.
C. V. McCrory, for certain consumers.

BY THE COMMISSION:

O P I N I O N

Live Oaks Springs Corporation, a corporation, operates a water system supplying approximately 120 small houses and cabins in Live Oaks Springs, San Diego County. The investigation

upon the Commission's own motion was ordered as a result of the request of the consumers for relief from the inadequate water service. Thereafter, the corporation conceded its public utility status and filed an application for a certificate of public convenience and necessity to operate the water works and asked that a schedule of rates be established. These matters were combined for hearing and decision.

Public hearings were held at Live Oaks Springs and El Centro before Examiner W. R. Williams.

Live Oaks Springs is a summer resort and vacation area located in the mountains about midway between San Diego and El Centro. Its elevation and climatic conditions make it a convenient and attractive location for those living in the Imperial Valley who wish to avoid the summer heat. Live Oaks Springs was subdivided about the year 1925 by S. J. Rice who developed water and installed a distribution system to aid in the sale of lots. The water supply is obtained from several springs and a sump dug at the lower end of a large swampy meadow. The springs yield a fine quality of water but dry up during the summer when water is in greatest demand. The sump produces water throughout the entire year but under the present methods of operation water from this source is mainly surface flow and subject to serious contamination.

Live Oaks Springs Corporation now owns and controls the water works but for several years last past has made no effort to install the improvements necessary to provide an adequate, continuous and safe water service. The water problem was complicated for a long time by the fact that many of the original sales contracts for lots purchased contained provisions

for the furnishing of water by the grantor at a charge of six dollars (\$6.00) per year. Subsequent efforts to increase the contract rate to twelve dollars (\$12.00) per annum met with considerable opposition. Claims by certain of the consumers holding water service contracts to the effect that the service was private in character and not subject to the control and jurisdiction of the Railroad Commission have been withdrawn. Likewise, the claim to the same effect heretofore made by the owner of the plant has been dropped and formal application has been filed by the corporation asking for a certificate of public convenience and necessity to operate as a public utility.

The corporation has agreed to install additional storage facilities, certain new mains and also a well to recover water from the meadow in lieu of the present sump. Although some objection was raised by certain consumers that a well is not necessary, yet we feel that the sanitary hazard produced by the present sump is a most serious menace to the health and safety of the community and should be eliminated immediately either by obtaining water from a well or some other method of water recovery from a depth sufficient to avoid contamination, or by the installation of a modern filtration and treatment plant.

The following data is a summary of the testimony presented by W. M. Cook in behalf of the Live Oaks Springs Corporation on plant cost and value, and operation. The record shows that under the rates proposed the revenues to be derived will be less than the bare out-of-pocket operating and maintenance expenses including depreciation and for this reason it will be unnecessary at this time to determine the fair value of the properties herein

for rate-fixing purposes:

Original Cost plus Overhead-----	\$6,432.00
Annuity-----	290.50
Present Value-----	4,380.00
Estimated New Improvements-----	3,500.00
Estimated Revenue at Proposed Rate-----	1,940.00
Operating Expense-----	2,190.00
Average Number of Consumers-----	105

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Easements have been reserved throughout the tract for pipe lines and water mains. There is therefore no necessity for the corporation to acquire at this time a franchise from the county authorities to install and maintain pipe lines in the tract. No other public utility is now supplying domestic water service in or near Live Oaks Springs and no protest has been made against the granting of the certificate of public convenience and necessity. However, there was some opposition to the schedule of rates proposed by applicant which was claimed to be higher than necessary.

A careful review of the evidence submitted indicates clearly that the proposed schedule of rates as slightly modified by the Commission compares very favorably with the charges made by similar utilities operating under fairly comparable conditions in this section of the State. These rates as modified are not unfair to the consumers under the circumstances and will be established in the following Order with the understanding, however, that the improvements will be installed and placed in operation in a manner satisfactory to this Commission early enough in this coming spring to insure a proper and sufficient water service to the consumers.

O R D E R

An investigation on the Commission's own motion having

been instituted and an application for a certificate of public convenience and necessity having been filed with the Railroad Commission as above entitled, public hearings having been held thereon, the matters having been submitted and the Commission being now fully advised in the premises,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that Live Oaks Springs Corporation operate and maintain a water system for the purpose of supplying water for domestic purposes within that certain area of approximately 160 acres in and in the vicinity of Live Oaks Springs, San Diego County, as more particularly set forth and described in the application herein which is hereby made a part of this Order by reference, and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Live Oaks Springs Corporation, a corporation, subject to the following conditions:

1. Live Oaks Springs Corporation shall file with the Railroad Commission of the State of California, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water delivered to consumers in the above named territory in San Diego County, said rates to become effective on the first day of January, 1937:

ANNUAL FLAT RATE CHARGES

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| a. Residence and cabin of five rooms, or less, | |
| including bath and toilet----- | \$18.00 |
| Each additional room----- | 2.50 |
| Each additional bath or toilet----- | 2.50 |
| b. Restaurants or cafes----- | 24.00 |

- c. Stores and Shops-----\$18.00
d. Automobile Service Stations----- 24.00

MONTHLY SPRINKLING CHARGE

Sprinkling of lawns, gardens and shrubbery, per month
actually irrigated, per square yard-----\$0.01

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2. Live Oaks Springs Corporation shall file with the Railroad Commission of the State of California, within thirty (30) days from the date of this Order, rules and regulations governing relations with its consumers, said rules and regulations to become effective upon their acceptance for filing by the Railroad Commission.
3. Within sixty (60) days from and after the date of this Order, Live Oaks Springs Corporation shall file with this Commission, subject to its approval, plans for the development, distribution and improvement of service of water to its consumers in and in the vicinity of Live Oaks Springs, and shall, upon the acceptance of such plans by the Commission, proceed at once to carry out such plans, to be completed and in operation satisfactory to the Railroad Commission on or before April 1, 1937.

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 15th day
of December, 1936.

M. B. Lewis

Malcolm B. Lewis
Frank R. Lewis
Commissioners.