

Decision No. 37448

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the joint  
Application of L. Van der  
Kamp to sell and George  
Faulstitch to purchase the  
San Carlos Manor Water System,  
the adjustment of rates for water  
service, and the establishing  
of area to be served.

Application No. 21910

ORIGINAL

Kirkbride and Wilson,  
By William J. Locke,  
For Applicant.

BY THE COMMISSION:

O P I N I O N

In this application L. Van der Kamp and George Faulstitch ask the Railroad Commission for approval of a transfer of the San Carlos Manor Water System, for a certificate of public convenience and necessity, and for the establishment of revised rates.

A public hearing in this matter was held before Examiner Brown at San Carlos.

The water system involved herein serves water for domestic purposes to residents of San Carlos Manor, being a subdivided tract now embraced within the corporate limits of the Town of San Carlos in San Mateo County. The water works was installed originally to make possible the sale of lots in the subdivision and water is supplied from several infiltration tunnels located along the bank of Pulgas Creek, which passes along or through certain portions of the tract. At present there

are 3,500 feet of pipe lines from four inches to one inch in diameter supplying water to 35 consumers at a flat rate of \$3.00 per month.

The operation of this water works was the subject of informal investigation by this Commission at various times in the past, resulting in Case No. 3076 being filed for the purpose of obtaining relief from intolerable service conditions. In Decisions No. 24037, dated September 14, 1931, and No. 24604, dated March 21, 1932, a detailed description of the system and its then operating practices are set forth. In the original decision, confirmed by decision on rehearing, the plant was declared to be a public utility operating under the control and jurisdiction of the Railroad Commission and rates were directed to be filed accordingly.

In the instant proceeding the evidence shows that one Mr. Roy McGain claimed ownership of this water works and conducted its affairs in such an inefficient and haphazard manner that no adequate or dependable water service was provided to any of the water consumers. On July 11, 1933, one of the applicants herein, L. Van der Kamp, obtained an instrument of conveyance from said McGain, purporting to transfer to him ownership and control of the water works, as a result of which Van der Kamp at once took possession of the plant and continued operation thereof. The record shows that Mr. McGain's whereabouts are not known in this vicinity and that the conveyance to Van der Kamp was never passed upon by the Railroad Commission. Van der Kamp did not care to be burdened with the duties and obligations connected with utility water service and in December of 1936 he turned the plant over to George Faulstitch, who has been conduct-

ing the affairs of the water works since that time and who now joins in this application requesting the Railroad Commission to authorize the sale of the utility property to him.

The record shows that the water supply is inadequate, that there is interference with certain of the sources of supply by outside parties which may necessitate litigation in the civil courts to protect the utility's interests and that furthermore improvements must be made immediately to provide any reasonable quality of service. The operating territory of the utility is not definitely known and the rates appear to require adjustment. In order that this small plant may provide proper service to present consumers and meet the increasing demands of new home builders in this subdivided area, the present purchaser requests action by the Railroad Commission to place the utility upon a more certain and businesslike operating basis.

In connection with the transfer proposed herein, the Commission will authorize the conveyance by L. Van der Kamp of whatever interest he may have in this water works together with all its appurtenant facilities to George Faulstich, together with whatever rights to operate a public utility that may have inured to the former operator, Roy McGain.

The evidence indicates considerable activity at this time in the subdividing of new tracts in the immediate vicinity of San Carlos Manor and the necessity of installing new water plants to serve such property as well as to supply water to other lands in this general neighborhood. It appears that the Railroad Commission has already declared this water works to be a public utility and that its facilities have been dedicated to the public generally by the sale and distribution of water in the territory

served. Therefore, in order to meet these demands for service and to remove any misunderstandings as to the territory in which this utility is obligated to supply domestic water service, this utility's service area will be definitely fixed at this time to cover the subdivided tract known as San Carlos Manor which comprises the area served by the water system held to be dedicated to public use in Decisions No. 24037 and 24604, and that certain additional and adjoining area in the County of San Mateo, as more particularly delineated upon the map filed in this proceeding and designated "Exhibit C."

A report was submitted by R. E. Savage, one of the Commission's engineers, in which the physical properties of the system were appraised upon the basis of estimated original cost at \$14,341 as of June 1, 1938. The annual revenues under the present rates were estimated to be \$1,152; the maintenance and operation expenses for the future were estimated to be \$915; and the depreciation annuity computed by the five per cent sinking fund method was found to amount to \$131. From these figures it is clear that some adjustment should be made in the rates now being charged. Operation under the present flat rate method is conducive to wasteful practices in water use, resulting in high pumping costs. On a system such as this where the water supply is meager, it is vital to conserve as much water as possible for the beneficial use of the consumers. For these reasons the system should be completely metered as soon as finances will permit. Accordingly a schedule of meter rates will be established in the following Order.

The service generally rendered in this area in the past, particularly prior to the operation by the proposed purchaser herein, has been so highly unsatisfactory that the consumers will welcome any improvement whatsoever. Most water users are willing

to pay a reasonably increased charge if assured of improved and reliable service. The rates established in the following Order should enable the plant owner to provide a properly regulated supply of water at good pressures and in adequate volume, and at the same time they should not prove burdensome to the water users.

O R D E R

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

IT IS HEREBY ORDERED that L. Van der Kamp be and he is hereby authorized to transfer, on or before December 1, 1938, to George Faulstich all his right, title and interest in and to the water works known as San Carlos Manor Water System, located in the Town of San Carlos, in the County of San Mateo.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require that George Faulstich operate a water system for the purpose of supplying domestic water in the subdivided tract known as San Carlos Manor and in that certain adjoining area in the County of San Mateo as more particularly delineated upon the map attached to the application herein, marked "Exhibit C" and which is hereby made a part of this Order by reference.

IT IS HEREBY FURTHER ORDERED that George Faulstich be and he is hereby granted a certificate of public convenience and necessity to operate a public utility water system in the

above described area.

IT IS HEREBY FURTHER ORDERED that George Faulstitch be and he is 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 water service rendered to his consumers in San Carlos subsequent to the 31st day of October, 1938:

MONTHLY MINIMUM CHARGES

For 5/8" x 3/4" meter,.....	\$2.50
For 3/4" meter,.....	4.00
For 1" meter,.....	4.25
For 2" meter,.....	8.50

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 3,000 cubic feet, per 100 cubic feet,....	\$.35
Over 3,000 cubic feet, per 100 cubic feet,.....	.30

FLAT RATES

Per consumer per month, including irrigation of lawn and garden,.....	\$3.00
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IT IS HEREBY FURTHER ORDERED that the above authority is granted subject to the following terms and conditions:

1. The authority herein granted shall apply only to such transfer as shall have been made on or before the thirty-first day of December, 1938, and a certified copy of the final instrument of conveyance shall be filed with this Commission by L. Van der Kamp within thirty (30) days from the date on which it is executed.
2. 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 purpose other than the transfer herein authorized.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days from and after the date of this Order George Faulstich shall submit to the Railroad Commission for its approval rules and regulations governing the service of water to his consumers in the territory indicated 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 9<sup>th</sup> day of November, 1938.

~~Raymond A. ...~~  
~~Leon ...~~  
~~Charles ...~~  
~~W. A. ...~~  
~~Commissioners.~~