

Decision No. 32885

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
ROSE ANNA McDONALD for an order author-
izing an increase in rates for water
and services furnished by public util-
ity system in the Town of French Gulch,
County of Shasta, State of California.

ORIGINAL

Application No. 21885

Carr & Kennedy, by Francis Carr and
Francis J. Carr, for applicant.

L. C. Smith, by A. E. Frazier, for
consumers.

BY THE COMMISSION:

O P I N I O N

Rose Anna McDonald, owner and operator of a water sys-
tem furnishing water in the unincorporated Town of French Gulch,
Shasta County, asks the Commission for authority to increase
the rates.

A public hearing in this proceeding was held before
Examiner M. R. MacKall at French Gulch.

Applicant has appeared before this Commission in two
prior proceedings, both of which were requests to discontinue
service because of an alleged financial loss incurred in operat-
ing the system. While these applications were denied, the Com-
mission in each instance held that Mrs. McDonald's proper source
of relief from her purported operating losses lay in petitioning
for increased rates rather than for discontinuance of service.

Reference is made to the Commission's prior decisions⁽¹⁾ in these

(1) Decision No. 29386, dated December 21, 1936, and Decision No.
30472, dated January 3, 1938.

matters for further details and descriptions of the properties and operating methods.

Water for the McDonald system is obtained by diversion from French Gulch Creek and also, when available, from Dutch Gulch Creek and is conveyed through approximately 1.4 miles of a small ditch to an earthen reservoir 10,000-gallons in capacity, located at an elevation about 100 feet higher than the townsite of French Gulch. Water is then conveyed through 479 feet of 4-inch pipe through and across Mrs. McDonald's property to the highway, which is also the principal street of the town, and thence along said highway through 1,150 feet of 3-1/2- and 2-inch pipe. There are fourteen 1-inch service connections attached to the street main, all of which were installed by the consumers and at their expense. A 1-inch and a 1-1/2-inch service connection supply the McDonald property.

The history of this system shows that the water supply from French Gulch Creek was acquired for mining purposes by Bernard Gartland, father of applicant, who owned Mineral Lot #39, originally containing 17.97 acres and called the Gartland Placer Mine. Gartland constructed a ditch to convey the water to a small reservoir located above the Placer Mine. A pipe line was installed from the reservoir to said Lot and apparently all of it was mined, except the space occupied by his residence, usually called locally the "Gartland Home Place," which was supplied with water for household and family lawn and garden sprinkling.

About 1890 the merchants of French Gulch asked applicant's husband, Thomas McDonald, now deceased, to extend the pipe line to the business area in order to provide fire protection and water for road sprinkling. An extension of some 520 feet of

3-1/2-inch pipe was made in the street or highway and a fire hydrant was installed at the end of the line. However, residents and store-owners connected service pipes to the main and the water was used for domestic purposes and irrigation of gardens and lawns. About two years later this main was extended some 480 feet to the school house at the request of residents of French Gulch.

Applicant diverts approximately twenty miner's inches of water from the natural stream flow if such quantity is available, and conveys the water through the ditch to the reservoir. From this point the 4-inch pipe line transmits the water used for her own domestic and sprinkling use and for the irrigation and domestic water requirements of the consumers. The water in excess of the capacity of the pipe line is spilled at the reservoir, and is used either by applicant for irrigating her premises or is returned to French Gulch Creek. No regular measurements have been made or recorded showing the actual quantities of water diverted or used by applicant and by the consumers. Estimates by the Commission's engineers and other witnesses indicate that applicant uses approximately one-half of the water diverted. The irrigated portions of the Home Place vary from three to seven acres and include water also for domestic purposes for the two houses on the premises.

Applicant contends that whatever public utility obligation is attached to this water system is limited to the service from the pipe line installed in the highway beyond her home, and that the water delivered through this pipe line is surplus water and available only after the requirements of her home place have

been satisfied. The water rights, ditch, reservoir and the pipe line through her premises to the highway are claimed to be private and appurtenant to her own lands.

Mrs. McDonald presented testimony in support of her claims of restricted public dedication of this water system. However, this question has been raised and passed upon by the Commission twice before in the two prior proceedings involving this utility in 1936 and 1938. The evidence and testimony now presented herein are wholly insufficient to warrant any modification in our former findings to the effect that this entire water system has in its entirety been dedicated to the use of the public generally without restriction for many continuous and consecutive years last past.

In connection with the establishment of rates, applicant testified that the annual revenues from fourteen consumers would be one hundred thirty-one dollars (\$131) if all consumers paid their water bills, but that only from fifty dollars to sixty-five dollars (\$50 to \$65) are actually collected, and that the operating expenses amount to about two hundred forty dollars (\$240) a year. Mrs. McDonald claims that the poor condition of the highway pipe line demands immediate replacement at a cost of about one thousand dollars (\$1,000).

A report was submitted by Wm. Stava, one of the Commission's hydraulic engineers, which set forth the estimated original cost of the entire system as one thousand eight hundred fifteen dollars (\$1,815) and the reproduction cost new one thousand nine hundred ten dollars (\$1,910). The estimated original cost of the pipe line in the highway was nine hundred sixty-five dollars (\$965) and the cost to replace this main with casing was eight

hundred fifty-six dollars (\$856). The estimated revenues receivable from all consumers, exclusive of the Gartland Home Place and the fire district, totalled one hundred sixty one dollars (\$161); the annual operating expenses of the entire system for the immediate future were estimated to be two hundred seventeen dollars (\$217), including depreciation.

The evidence shows that some of the items of operation costs presented by applicant, such as ditch cleaning and portions of Railroad Commission expense, should not normally recur annually and for this reason should be amortized over a period of years. However, the present mains now require considerable attention and sufficient allowance to keep these pipe lines in good repair and in service must be provided. The fact cannot be escaped that in the near future considerable portions of the mains will have to be replaced. The record indicates that under existing conditions the sum of two hundred seventy-five dollars (\$275) should be an ample allowance for the proper maintenance and operation of this system including depreciation. Upon the basis of water use as between applicant and all other consumers combined being to all practical purposes equal, the annual revenues receivable would be three hundred twenty-two dollars (\$322). An adjustment in the present rates therefore appears to be in order and, according to the testimony of the water users, there will be no objection upon their part to any reasonable and necessary increase. Accordingly, the schedule of rates established in the following order is designed to yield an increased revenue to applicant if proper diligence is pursued in billing and collecting from all authorized sources of income. The increased revenue should produce a fair net return upon the utility investment over and above normal and average annual operating expenses including depreciation.

O R D E R

Application as entitled above having been filed with the Railroad Commission, 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 found as a fact that the present rate schedule of Rose Anna McDonald, in so far as it differs from the schedule of rates herein established, is unjust and unreasonable and that the rates herein established are just and reasonable rates to be charged for the service rendered, and basing this Order upon the foregoing findings of fact and on the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Rose Anna McDonald be and she is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for water delivered to her consumers other than the Gartland Home Place in and in the vicinity of French Gulch, Shasta County, said rates to be charged for all service rendered subsequent to January 1, 1940:

FLAT RATES

Annual charges payable in advance for calendar year.

Public School.....	\$20.00
Grocery-store and stable.....	20.00
Residence, lawn and garden.....	12.00
Residence (small) and garden.....	8.00
French Gulch Fire District hydrant rental.....	12.00

IT IS HEREBY FURTHER ORDERED that Rose Anna McDonald be and she is hereby directed to submit to this Commission, within thirty (30) days from the date of this Order, rules and regulations governing relations with her consumers, said rules and regulations to become effective only upon approval of this Commission.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated, San Francisco, California, this 5th day of March, 1940.

Ray L. Rice
Frank D. Sullivan
Robert D. Thompson
W. L. Hall
Justus J. Coames
Commissioners