

Decision No. 22973

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
K. Frank Henneken, for Certificate of
Public Convenience and Necessity to
Operate a Water Company, as a Public
Utility, in Subdivisions East of Laguna
Grande, in the County of Monterey,
State of California.

ORIGINAL

Application No. 22973.

George D. Pollock, for Applicant.

Peter A. Menzel, for California Water & Telephone
Company.

J. R. Croad, for Monterey City School District.

Thomas R. Furlong, for certain residents of
Seaside, Protestants.

BY THE COMMISSION:

O P I N I O N

In this proceeding K. Frank Henneken asks the Commission for a certificate of public convenience and necessity to operate a public utility waterworks in the territory generally known as Seaside, situate approximately three miles northeast of the City of Monterey, in Monterey County. Request also is made that a schedule of rates be established for the service to be rendered.

A public hearing in this matter was held before Examiner William Stava at Monterey.

Applicant's water properties consist of two separate systems which have been operated for several years last past without certification from the Railroad Commission. It is to comply with the requirements of the Public Utilities Act that Mr. Henneken has filed the petition herein.

The present water supply of the separate unit or system, designated as the East Monterey Tract Plant, is obtained from a well point driven into the ground from the bottom of a pit twenty feet in depth. Water is pumped into a 10,000-gallon storage tank and dis-

tributed by gravity through 5,700 feet of pipe lines varying in diameter from 2 inches to 3/4 inch. There are approximately 41 active unmetered service connections on this unit.

The second system serves 114 consumers in three subdivided tracts. There are six metered active service connections, the principal one being the grammar school. Water for this second unit is obtained from two 40-foot well points, each sunk from the bottom of a pit about 7 feet deep. Water is pumped into two pressure tanks of approximately 500 and 1,000 gallons' capacity, and distributed through approximately 14,500 feet of very small pipes, the largest being but two inches in diameter. One of the pressure tanks supplies water exclusively to the school.

Applicant asks for a certificate to cover his present systems and in addition thereto requests operating rights throughout several adjoining subdivided tracts. This new territory is but very sparsely settled and under present conditions does not warrant any extension thereto. This new or proposed district is covered in the greater part by sand dunes and while there are a few homes scattered here and there, no demand for water was made by any of the residents in this section.

A petition circulated by Thomas P. Furlong, an owner of property in the Seaside District, was presented at the hearing, demanding that water service be supplied in certain portions of the area involved herein from an extension of the water system of the California Water & Telephone Company, a public utility, which supplies water for domestic, commercial and industrial purposes, in those portions of the Monterey Peninsula, including and adjacent to the cities of Monterey, Pacific Grove, and Carmel, and also in the Carmel River Valley. This petition was signed by approximately 100 residents, a majority of whom lived outside of the original service area as proposed by applicant and also outside of the territory

in which the California Water & Telephone Company now is operating. However, at the hearing applicant expressed his willingness to supply all of said petitioners residing to the north of the slough or depression called Laguna Grande. From the testimony of Mr. Furlong it appears that these petitioners are not and will not be satisfied with the class of service now being delivered or which may be delivered in the future through applicant's system, regardless of any improvements which Mr. Henneken has promised to make. The demand of these petitioners is based principally upon the claim that California Water & Telephone Company would supply their district through 8 inch and 12 inch feeder mains, backed with uniform high pressure and large storage resources sufficient to provide at all times not only a highly dependable domestic and commercial service but also a much needed fire protection service. In this connection it should be pointed out that Peter A. Nenzel, appearing in behalf of the California Water & Telephone Company, testified that he had been authorized to state that his Company did not intend to nor did it desire at this time to invade any of the territory now being supplied by the Henneken system. This witness stated that during the fall of 1938 his Company had received numerous requests from Seaside residents asking for the extension of its system to supply their homes, some of which were located at various points within the service area now supplied by applicant. Thereupon his Company drew up the necessary plans and authorized funds to supply water through large sized mains in that district lying northeasterly of Laguna Grande as far as Elm Avenue. However, upon learning of the intention of Mr. Henneken to apply for a certificate of public convenience and necessity from the Railroad Commission for the operation of a public utility water service throughout this territory, the Company abandoned the proposed project, although some considerable amount of pipe already had been purchased and distributed upon the ground ready for installation.

The attitude of this Company appears to be at this time that it does not care to encroach upon the water operations of applicant and is desirous and willing to limit its service obligations in this territory to the southerly boundary of Laguna Grande. However, the record indicates that applicant Henneken has not the necessary financial resources to permit him to extend his system south of Del Monte Heights Subdivision No. 10 and provide the service which these petitioners demand and to which they are reasonably entitled. On the other hand California Water & Telephone Company already is operating in territory immediately adjacent to and adjoining the district in which the majority of these petitioners reside and it appears necessary and proper that this Company should be required to take over and assume the water service obligations from its existing field of operations to embrace that territory extending to the southerly boundary of said Del Monte Heights Subdivision No. 10 which also is the southerly boundary of the original service area for which applicant requested a certificate in this instant proceeding.

The evidence shows that applicant has acquired certain properties in Grey Eagle Terrace Subdivision No. 24, upon which he intends to install certain reservoirs or other storage facilities which will provide for improved service not only for his present systems but should permit service to consumers desiring water in the Grey Eagle Terrace Subdivision No. 24 as well, which will therefore be included in the area certificated in the Order following this Opinion.

Some dissatisfaction and complaint was expressed at the hearing concerning the undependability of the applicant's water supply facilities and the general inadequacy of main capacity and volume deliveries, resulting primarily from the small sized pipe lines, a very large amount of which is considerably less than 2 inches in diameter. Lack of sufficient storage facilities also

was shown to be a considerable hazard to the safety of health among those residents in this area who are forced to rely on this system for water service. J. R. Croad, Superintendent of the Monterey City School District, testified that the water pressure and general water service conditions at the Seaside Elementary School were at times most unsatisfactory, resulting in serious unsanitary conditions, dangerous and detrimental to the health of the school children. It appears from the testimony submitted that this school is supplied through a long reach of 2 inch pipe, which under existing circumstances is incapable of furnishing a proper or satisfactory service. In order to safeguard the health of the school children, Superintendent Croad testified that it is necessary to have at all times an adequate supply of water under a pressure sufficient to insure the flushing of toilets and the operation of the drinking fountains and wash basins.

The record throughout this proceeding clearly shows that the existing water supply and storage facilities are wholly inadequate to provide even existing service obligations and certainly cannot be expected to cope with the demands which inevitably must be made upon this waterworks by new consumers in additional and adjoining territory. The most serious handicap, however, arises from the very small sized water mains throughout the entire systems, which prevent the delivery of water in sustained volume at reasonable pressures at any considerable distance beyond the immediate vicinity of the pumping plants and storage tanks.

Mr. Henneken has recognized the seriousness of the water supply problem in his territory and has agreed to install larger mains and additional storage and other essential facilities to the extent of his ability to finance the costs thereof. In this connection applicant stated that he expected to be able to raise in the neighborhood of \$10,000., all of which would be expended to enlarge

mains, increase storage capacity, and to install other improvements. In view of the fact that California Water & Telephone Company has elected to abandon its proposed project to extend water service throughout a large portion of the Seaside district, it appears that a certificate should be granted to Mr. Henneken to supply water in those areas in which public convenience and necessity have been duly shown. Applicant, however, will be required and it will be made mandatory that without delay and within the time herein below specified, he shall install or cause to be installed the necessary improvements in his water supply and distribution facilities, subject to the approval of this Commission as hereinafter provided. California Water & Telephone Company, accordingly, will be expected to provide whatever water service is reasonably demanded and required from the end of its present facilities to the southerly boundary of Del Monte Heights Subdivision No. 10.

A report was submitted by E. R. Foster, one of the Commission's engineers, which sets forth the estimated historical cost of the used and useful physical properties to be \$6,532., as of December 1, 1939. Summarized below are the estimated results of operation submitted by Mr. Foster for the year 1940, assuming present rates and charges:

Revenues.....	\$3,000.-
Maintenance & Operating Expenses.....	\$2,385.-
Depreciation annuity, Sinking Fund Method at 5%.....	\$120.-
Operating expenses, including Depreciation.....	\$2,505.-
Net operating revenues.....	\$495.-

The schedule of rates established in the following order is designed to cover the service which should be rendered upon completion of the improvements as ordered.

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 duly submitted, and the Commission now being fully advised in the premises,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation of a public utility water system by K. Frank Henneken in the following tracts situate in and adjacent to the community of Seaside, approximately three miles northeast of the City of Monterey in the County of Monterey:

East Monterey, Subdivision No. 1
Vista del Rey Tract, Subdivision No. 6
Del Monte Heights, Map 2, Subdivision No. 10
Grey Eagle Terrace, Subdivision No. 24

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to K. Frank Henneken to operate a public utility for the sale and distribution of water within the territory hereinbefore described, subject to the terms and conditions contained in this order.

IT IS HEREBY FURTHER ORDERED that K. Frank Henneken 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 all water service rendered to his consumers subsequent to the 31st day of March, 1940:

RATE SCHEDULES
FLAT RATES

<u>Classification</u>	<u>Per Month</u>
1. For each residence of 5 rooms or less, with not to exceed 500 sq. ft. of irrigated surface	\$1.00
Additional for each bath-tub or shower25
Additional for each flush toilet25
Additional for each room in excess of 510

Rate Schedules (Continued)

<u>Classification</u>	<u>Per Month</u>
2. Sprinkling or irrigation of lawns, shrubbery, gardens, etc., for surface in excess of 500 sq. ft., payable during the six months period April to September, both months inclusive, and payable during any other months of the year when water is actually used for sprinkling or irrigation purposes,Per 100 sq. ft.....	\$.04
3. Restaurants and cafes, at 10 cents per unit of seating capacity, minimum charge.....	1.50
4. Ice cream parlors, soda fountains, bars, pool halls, etc.....	1.25
5. Barber shops, for single chair.....	1.00
For each additional chair.....	.25
6. Doctors', dentists', or other offices, not exceeding 2 rooms with water service.....	1.00
For each additional room with water service.....	.50
7. Retail markets, stores, shops and other business establishments not otherwise listed, according to expected use of water, minimum charge.....	1.25
8. Additional for each private flush toilet or tub or shower in items 3 to 7 inclusive.....	.25
9. Additional for each public flush toilet or tub or shower in items 3 to 7 inclusive.....	.50

METER RATES

Monthly Minimum Charges

5/8 x 3/4 inch meter.....	\$1.50
3/4 " "	2.00
1 " "	3.00
1 1/2 " "	5.00
2 " "	7.50

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

First	1,000	cubic feet	per	100	cubic feet....	\$0.25
Next	4,000	"	"	100	" "20
Next	5,000	"	"	100	" "15
All over	10,000	"	"	100	" "10

A meter may be installed on any service at the option of either the consumer or the utility.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days from the date of this Order said K. Frank Henneken be and he is hereby directed to submit to this Commission for its approval rules and regulations governing relations with his consumers, each set of which shall contain a suitable map or sketch, drawn to scale, upon a sheet approximately 8½" x 11" in size, delineating thereupon in distinctive markings the boundaries of the certificated area authorized above and showing definitely the location of said area with reference to the adjacent territory.

IT IS HEREBY FURTHER ORDERED as follows:

1. That K. Frank Henneken be and he is hereby ordered to file with this Commission within forty-five (45) days from the date of this Order detailed plans and specifications for location and construction of a storage reservoir or tanks and for the enlargement and improvement of the water supply and distribution facilities of his entire waterworks in the Seaside district, said plans and specifications to be subject to the approval of this Commission and the improvements to be installed and in operation in a manner satisfactory to this Commission on or before the thirty-first (31st) day of July, 1940.
2. That this Commission reserves the right to reduce, amend or modify the rate schedule established in this Order in the event said K. Frank Henneken fails to comply in a manner satisfactory to the Commission with the terms and conditions, or any of them, as set forth in paragraph (1) above.
3. That K. Frank Henneken be and he is hereby directed to file with this Commission within ninety (90) days from the date of this Order the proper franchise, permit or consent granted by the Board of Supervisors of the County of Monterey, or its duly delegated agent, for the construction, maintenance and operation of pipe lines

or conduits in, on or across county roads, highways and alleys within the service area in which applicant is authorized to serve water as a public utility on the Order herein.

4. That the authority herein granted shall become effective only upon the filing with this Commission by said K. Frank Henneken of an affidavit to the effect that he will never claim before this Commission or any other public body an amount for the county authorization required in paragraph (3) above and for the certificate of public convenience granted herein in excess of the actual cost of acquiring them, which amount and cost, if any, shall be stated in said affidavit.

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

Dated at Los Angeles, California, this 21st day of March, 1940.

Ray L. Riley
Frank D. W. W.
R. B. W. W.
M. W. W.
Justin J. Cannon
COMMISSIONERS.