

Decision No. 132177

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
WALTER H. DAVIS and WALTER H. DAVIS, JR.,
for authority to transfer a water system
serving the Town of Agnew from the former
to the latter; for determination of the
limits of the service area of such system;
and for authority to increase rates for
water.

ORIGINAL

Amended
Application No. 23069.

Walter H. Davis, Jr., for Applicants.

BY THE COMMISSION:

O P I N I O N

Walter H. Davis supplies water for domestic and other purposes in Agnew, an unincorporated town, located about seven miles north of San Jose, in Santa Clara County. In this application, signed jointly by the owner and his son Walter H. Davis, Jr., the Railroad Commission is asked to authorize the transfer of the water system, to determine the extent and boundaries of the utility area of service, and to fix rates.

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

The principal source of water supply for this utility is a well 185 feet deep, from which water is raised by a pump-jack and delivered directly into the distribution system. Limited storage is provided by a 3,000-gallon redwood tank erected upon an 18-foot tower. There is another well 100 feet deep, equipped with a windmill. The distribution system consists of 2-inch pipe and 3/4-inch pipe. There are now 24 active unmetered service connections. Walter H. Davis, Jr., has been operating this water plant for several years

last past and it is the desire of the elder Mr. Davis to have the title to this system vested in his son, through approval of the transfer by this Commission. His request will be granted.

The present water system admittedly is inadequate. Recently considerable activity in new home construction in Agnew has created a demand for a more dependable water supply. Most of these projected homes cannot be financed until provision is made for a reliable water supply. Walter H. Davis, Jr., desires to rehabilitate, enlarge and modernize his plant to meet the new service demands. In general the improvements embrace the installation of a new Jacuzzi Pump to be operated by a 5-horsepower electric motor, the installation of a 3,000-gallon pressure tank unit equipped for automatic control, the laying of 4" O.D. casing mains on Third and Davis Streets, and the extension of 2" mains on Bassett and Second Streets, eliminating all 3/4" street pipe except for service connections to consumer premises.

The present rates were authorized by this Commission in Decision No. 21978, dated January 3, 1930. Following is a comparison of the present and proposed new schedule of rates:

<u>Monthly Flat Rates</u>	<u>Effective</u>	<u>Proposed</u>
Domestic Service.....	\$2.00	\$2.50
Service Stations and Garages.....	2.50	2.50
Stores and Business Establishments...	2.00	2.50
Post Office.....	1.50	2.00

While the purchaser of this waterworks does not intend to meter the services at present, he does, however, desire the establishment of a meter rate in order to reduce wasteful and careless use of water if such action becomes necessary.

The record shows that the original cost of existing operative plant and equipment is \$2,500, the annual gross revenue is \$570, and the yearly maintenance and operating expenses are \$530, including

depreciation. According to the testimony, upon completion of the system rehabilitation as planned, operation under existing rates would result in an estimated return of 2.5% and but slightly in excess of 6% under the rates requested in the application.

No protests were made against this proposed schedule. The consumers asserted a willingness to pay an increased rate provided proper service was assured. The new schedule appears at this time to be just and reasonable and will be authorized, to become effective only, however, upon completion and satisfactory operation of the proposed new water production and distribution facilities.

There are two other small pumping plants furnishing water to a few consumers within the service area requested in this application. One of these plants is owned by Joe George and serves seven or eight neighbors at a flat rate of \$1.75 per month. The other is owned by the Hughes Estate and supplies water at a monthly flat rate of \$2.00 to only two customers, one being the Southern Pacific Railroad station. The owners of these two systems testified that they would not object to any of their consumers taking service from the utility system, nor would they seek any additional customers among the residents of Agnew. The proposed service area comprises the townsite of Agnew and is set forth on a map filed as Exhibit No. 1 in this proceeding. Under the circumstances the service area will be established as requested.

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 being now fully advised in the premises,

IT IS HEREBY ORDERED that Walter E. Davis be and he is hereby authorized to transfer to Walter E. Davis, Jr., his water

system at Agnew, as more particularly described in the application herein and which is hereby made a part of this Order by reference, 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 first day of June, 1940, and a certified copy of the final instrument of conveyance shall be filed with this Commission by Walter E. Davis, Jr.
2. On or before the first day of June, 1940, Walter E. Davis shall refund to such consumers as may be entitled thereto all amounts, if any, deposited for main extensions, meter or service connections, and/or any other purposes and not later than said date he shall file with this Commission a certified statement to the effect that all such refunds, if any, have been duly made.
3. The consideration for the transfer herein authorized shall not be urged before this Commission or any other public body as a finding of valuation for rate fixing or for any purpose other than the transfer herein authorized.

IT IS HEREBY FURTHER ORDERED that upon due compliance with the above terms and conditions said Walter E. Davis shall thereupon and thereby stand relieved of all further public utility obligations and liabilities in connection with the waterworks authorized to be transferred herein.

IT IS HEREBY FURTHER ORDERED that the service area of this waterworks shall comprise the entire Town of Agnew, Block "A" to "H" inclusive, together with the Southern Pacific Railroad station located on the westerly side of the railroad tracks adjacent to said townsite.

It is hereby found as a fact that the rates now charged by Walter E. Davis for water supplied to his consumers in the Town of Agnew, in the County of Santa Clara, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates to be charged for the services rendered, and, basing its Order upon the foregoing findings of fact and upon the statements of fact contained

in the Opinion which precedes this Order,

IT IS HEREBY FURTHER ORDERED that Walter E. Davis, Jr., be and he 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 all water service rendered to consumers in the territory as established above, effective as hereinafter provided:

RATE SCHEDULES

FLAT RATES

	<u>Per Month</u>
1. Single family residences, each.....	\$2.50
2. Duplex houses, each residence unit.....	1.75
3. Housekeeping apartments, each apartment.....	1.50
4. Automobile service stations, etc., with flush toilets for public use.....	2.50
5. Retail markets, stores, shops and other business establishments, according to use of water.....	\$2.00 to \$4.00

METER RATES

Monthly Minimum Charges

5/8 x 3/4 inch meter.....	\$2.00
3/4 inch meter.....	2.50
1 inch meter.....	3.50
1-1/2 inch meter.....	5.00
2 inch meter.....	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	600 cubic feet or less.....	\$2.00
Next	1,000 cubic feet per 100 cubic feet.....	.25
Next	2,400 cubic feet per 100 cubic feet.....	.20
All over	4,000 cubic feet per 100 cubic feet.....	.15

IT IS HEREBY FURTHER ORDERED that Walter E. Davis, Jr., shall proceed immediately and without unreasonable or unnecessary delay with the installation of the improvements to the water production and distribution facilities as outlined in the Opinion preceding this Order,

said improvements to be completed and in proper working order in a manner satisfactory to this Commission within six (6) months from and after the date of this Order.

IT IS HEREBY FURTHER ORDERED that the above schedule of rates shall become effective only upon final approval by this Commission of the above ordered improvements.

IT IS HEREBY FURTHER ORDERED as follows:

1. That within thirty (30) days from the date of this Order Walter E. Davis, Jr., be and he is directed to submit to this Commission for its approval rules and regulations governing relations with his consumers and which shall contain a suitable map or sketch, drawn to scale, upon a sheet approximately $8\frac{1}{2}$ " x 11" in size, delineating thereupon in distinctive markings the boundaries of the authorized service area hereinabove described and the location thereof with reference to the surrounding territory.
2. That Walter E. Davis, Jr., shall file with this Commission, within sixty (60) days from the date of this Order, four copies of a comprehensive map, drawn to a scale of not less than 400 feet to the inch, upon which shall be delineated correctly by appropriate markings the various tracts of land in the territory for which the certificate is granted herein. This map should be reasonably accurate, show the source and date thereof, and sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service.

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 2nd day of April, 1940.

Ray L. Riley
James M. Murray
Robert W. Johnson
J. B. Hall
Justin J. Casner
COMMISSIONERS.