

Decision No. 32216

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application  
of FRANK T. BLAKE AND JOHN RENTZ for

- (a) Permission to sell, assign, transfer and set over from said John Rentz, owner of the John Rentz Water System at Fair View Heights, Capitola, Santa Cruz County, California, to Frank T. Blake, owner of Opal Water Works near Capitola, Santa Cruz County, California, all that certain water system owned by and in possession of said John Rentz at Fair View Heights, Capitola, California.
- (b) To reduce and change rates and rules of said John Rentz Water System to those of said Opal Water Works.
- (c) To change and determine annual intermittent rates of said Opal Water Works.
- (d) To make turn on or service charges of \$2.50 for water service where such service is for less than one year.
- (e) For adding additional territory to be served by said Opal Water Works, part of which is now being served by said Opal Water Works.
- (f) To establish boundaries of territory to be served by Opal Water Works, as hereinafter stated.

Application No. 23151.

ORIGINAL

Frank T. Blake, for Applicant,  
John Rentz, for Applicant,  
F. J. Keys, for Public Utilities  
California Corporation.

CRAEMER, COMMISSIONER:

O P I N I O N

For about nineteen years, Mr. John Rentz has been operating a public utility water works, known as the John Rentz Water System, serving Fairview Heights, a subdivision on the west side of Soquel Creek at Capitola approximately four miles east of the

City of Santa Cruz in Santa Cruz County. Frank T. Blake, operating a public utility under the fictitious firm name and style of Opal Water Works, is engaged in the business of selling and distributing water for domestic and other purposes to residents of various subdivisions adjoining and lying westerly from said Fairview Heights. In this proceeding, Frank T. Blake and John Rentz jointly request the Railroad Commission (1) to authorize John Rentz to sell to Frank T. Blake his water distribution mains only; (2) to modify and clarify the rates of the Opal Water Works, mainly those applying to non-permanent resident consumers who take service for less than a full year; (3) to authorize the Opal Water Works to charge the former customers of the John Rentz Water System in accordance with the rate schedule, as revised, of said Opal Water Works; and (4) to permit the Opal Water Works to extend into additional territory and to establish the boundaries of its service area.

A public hearing in this matter was held in Santa Cruz.

The subdivision called Fairview Heights is bounded on the north by Fairview Avenue, formerly called Lower Soquel Road, on the west by 49th Avenue, on the south by the tracks of the Santa Cruz-Watsonville branch of the Southern Pacific Lines and on the east by said tracks and Soquel Creek. Because of the limitations of the pumping equipment and of the storage tanks, which are elevated only 16 feet above ground, the Rentz water system is incapable of serving adequately more than its present 26 customers. In the proposed transfer, Mr. Rentz will retain possession of the wells, pumping plants, tanks and such pipe connections as will be necessary to supply his own houses. He will sell to Mr. Blake only the distribution system, which consists of about 1,355 feet of pipes varying in diameter from 2 inches to 3/4 of an inch, 26 service connections and thirteen

5/8" x 3/4" meters.

The first unit of Mr. Blake's Opal Water Works was constructed about 1925 to serve Opal Subdivision No. 1, which lies immediately west of Fairview Heights, between 49th and 45th Avenues and extends about 1/4 mile south of Fairview Avenue. From time to time extensions were made easterly to serve residents of Fairview Heights who could not be supplied from the Rentz system and also northerly along 49th Avenue and Soquel-Capitola Wharf Road as far as Pacheco Avenue. In 1936 and 1937, distribution mains were installed in Opal Cliffs Subdivisions No. 1 and No. 2, lying to the south of the Southern Pacific Company's tracks. A 4-inch pipe line about 1,200 feet long connects these distribution systems with the original 4-inch main on 49th Avenue.

Water for the Opal Water Works is supplied from two drilled wells, about 210 feet deep, located on Lot 14 of Block 5 in Opal Subdivision No. 1. By means of deep-well turbine pumps driven by electric motors, the water is passed through sand traps and elevated into the 5,000-gallon storage tank, 41 feet high. The distribution system consists of 28,578 feet of piping, ranging in diameter from 6 inches to 3/4 of an inch. There are now about 85 active service connections, all metered except six. From the evidence, it appears that the water-producing and -distribution facilities of the Opal Water Works are adequate to meet all demands, and in addition can provide to the Rentz system consumers water at better pressure and under more reliable conditions than now obtain. The proposed transfer, therefore, will be approved.

Following is the schedule of rates which has been in effect on the John Rentz Water System subsequent to October 31, 1928, as authorized by Decision No. 20385 in Application No. 14942:

METER RATES

Annual Charge:

Minimum annual charge, payable in advance, which entitles consumer to a maximum of 500 cubic feet of water per month for a period of eight months.....	\$12.00
All use during other months, 500 cubic feet or less per month.....	1.50
<u>For use over 500 cubic feet:</u>	
Next 3,500 cubic feet, per 100 cubic feet.....	.25
Next 3,000 cubic feet, per 100 cubic feet.....	.20
Over 7,000 cubic feet, per 100 cubic feet.....	.15

FLAT RATES

Annual Charges:

Domestic rate for permanent residents.....	\$15.00
Domestic rate for non-permanent residents.....	12.00
Domestic and garden use, permanent residents....	19.20

Any consumer is entitled to metered service  
upon application therefor and the utility  
may meter any and all service connections.

Decision No. 19312 in Application No. 14216 authorized the  
following schedule of rates to be charged by Opal Water Works on  
and after March 1, 1928:

RATE SCHEDULE

FLAT RATES

For each service connection..... \$1.50 per month

METER RATES

Minimum Monthly Charges:

5/8 x 3/4-inch meter.....	\$1.50 per month
3/4-inch meter.....	2.00 per month
1-inch meter.....	3.00 per month
1 1/2-inch meter.....	4.50 per month
2-inch meter.....	6.00 per month

Each of the foregoing "Minimum Monthly Charges"  
will entitle the consumer to the quantity of  
water which that minimum monthly charge will  
purchase at the following "Monthly Quantity  
Rates."

Monthly Quantity Rates:

0 to	600 cubic feet, per 100 cubic feet.....	\$0.25
Next	1,400 cubic feet, per 100 cubic feet.....	.20
Over	2,000 cubic feet, per 100 cubic feet.....	.15

For service rendered to summer or vacation consumers on Opal Water Works, Decision No. 25828 authorized the following charges subsequent to April 17, 1933:

ANNUAL FLAT RATE

For service to summer, intermittent or non-permanent residents, payable in advance....\$12.00 per year

Mr. Blake requests the establishment of a turn-on charge of \$2.50 where water service is desired for less than a full year. Such a penalty type of charge is unreasonable and unnecessary where a proper seasonal or summer resort form of rate structure is fixed. Mr. Blake suggests the establishment of a new rate of \$12.00 per year, payable in advance, entitling the consumer to 400 cubic feet per month and all water used in excess of that amount to be charged at the established meter rates. A schedule of both flat and metered rates applicable to permanent residents and temporary or vacation service demands will be provided in the following Order. This schedule should prove to be fair and reasonable to all concerned and will eliminate any necessity for a turn-on penalty charge.

Comparison of rates of the John Rentz Water System with those of Opal Water Works shows that in general the rates of the Blake System are more favorable to the consumers. The minimum monthly meter rates on both systems are the same but the quantity rates of the Opal Water Works are more liberal. Only those few permanent residents now being served by Mr. Rentz at the flat rate of \$15.00 per year would be charged more under the effective monthly rates of Opal Water Works. In view of the vastly improved water service no objection was made at the hearing, either to the proposed transfer or to a proper adjustment of the rates for the sake of uniformity by the Railroad

Commission. It appears that the people residing in Fairview Heights will receive from Opal Water Works a more dependable supply of water of good quality, at a considerably greater pressure and at generally more beneficial rates. Therefore, the rates of the Opal Water Works, as revised to provide for vacation or seasonal use, will be made to apply to all consumers, including those now being supplied with water by Mr. Rentz.

A report was presented by E. Ronald Foster, one of the Commission's hydraulic engineers, showing an appraisal of the combined properties of Opal Water Works, including those proposed to be acquired from John Rentz, totalling \$17,181 on the basis of the estimated original cost as of February 1, 1940, with a corresponding depreciation annuity of \$438 computed by the sinking fund method at 5%. The report also contains an estimate of the reasonable maintenance and operation expenses for the year 1940 amounting to \$1,296 and an estimate of \$2,500 as the total revenues which should be derived from the sale of water from the combined plants during 1940, based on rates now being charged by Opal Water Works. This represents a net return of about 4 $\frac{1}{2}$ % on the capital investment.

The present service area of Opal Water Works is bounded on the north by Fairview Avenue (or Lower Soquel Road), on the west by 41st Avenue, on the south by Bay of Monterey and on the east by Bay of Monterey and 49th Avenue. Mr. Blake requests that, in addition to including Fairview Heights, the service area be extended northward to embrace the territory bounded on the south by Fairview Avenue, on the east by Soquel Creek, on the north by Rodeo Avenue and on the west by 41st Avenue. The distribution system of Opal Water Works already extends into this new territory along 49th Avenue and Soquel-Capitola Wharf Road as far as Pacheco Avenue and since there is no public utility now serving water therein, the request will be granted.

The entire service area of Opal Water Works, including the added portions, will consist of about 320 acres on fairly flat land, sloping gently toward the bluffs bordering Monterey Bay. To serve this fairly extensive territory there is now a single 5,000-gallon storage tank elevated only 41 feet above the ground. Mr. Blake testified that he is planning to replace this structure with a steel tank and tower within the near future. This new tank will have to provide much greater storage capacity and be erected to a greater height than the one now in use, in order to provide proper service of water at satisfactory pressure under conditions of maximum demand in this growing community.

#### 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 John Rentz, owner and operator of the public utility water works known as the John Rentz Water System, be and he is hereby authorized to transfer to Frank T. Blake, operating a public utility water system under the fictitious firm name and style of Opal Water Works, his right, title and interest in and to the water distribution system used by him in supplying water to the residents of Fairview Heights at Capitola, Santa Cruz County, as set forth 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 Authorization herein granted shall apply only to such transfer as shall have been made on or before the 1st day of September, 1940, and a certified copy of the final instrument of conveyance shall be filed with this Commission by John Rentz not later than 10 days after said date.

2. Within ten (10) days from the date on which said John Rentz shall actually relinquish control and possession of the property herein authorized to be transferred, he shall file with this Commission a certified statement indicating the date upon which such control and possession were relinquished.
3. On or before the 1st day of September, 1940, John Rentz 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 purpose, 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.
4. 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 John Rentz shall thereupon and thereby stand relieved of all further public utility obligations and liabilities in connection with the water works herein authorized to be transferred.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require that Frank T. Blake, operating under the fictitious firm name and style of Opal Water Works, extend his plant and system, now supplying water to residents of several subdivisions in the vicinity of Capitola, to serve water for domestic and other purposes in the area commonly known as Fairview Heights and also in the area bounded on the south by Fairview Avenue (or Lower Soquel Road), on the east by Soquel Creek, on the north by Rodeo Avenue, and on the west by 41st Avenue, as shown upon that certain map entitled "Opal Subdivisions and Vicinity" filed as Exhibit No. 1 in this proceeding and which is hereby made a part hereof by reference; and

IT IS HEREBY FURTHER ORDERED that a certificate of public



convenience and necessity be and it is hereby granted to said Frank T. Blake, operating under the fictitious firm name and style of Opal Water Works, to operate a water system in the two areas described above, in addition to the area in which said Frank T. Blake has heretofore been authorized to operate, which combined certificated areas are delineated upon that certain map entitled "Opal Subdivisions and Vicinity" filed in this proceeding as Exhibit No. 1 and which is hereby made a part hereof by reference, the boundaries of said entire territory being as follows:

"Beginning at a point where the center line of Rodeo Avenue if extended would intersect Soquel Creek; thence westerly along the said center line of Rodeo Avenue about 2,400 feet to the center line of 41st Avenue; thence southerly along said center line of 41st Avenue approximately  $1\frac{1}{2}$  miles to the Bay of Monterey; thence northeasterly along the shore of said Bay of Monterey about 4,000 feet to the intersection of the center line of 49th Avenue, if extended; thence northerly along the said extension of the center line of 49th Avenue about 400 feet to the center line of the railroad tracks of the Southern Pacific Company's Santa Cruz-Watsonville line; thence northeasterly along the center line of said railroad tracks about 1,600 feet to the center line of Soquel Creek; thence northwesterly along said center line of Soquel Creek 2,200 feet, more or less, to the point of beginning.

It is hereby found as a fact that the rates now charged by John Rentz for water supplied to his consumers in Fairview Heights and those now charged by Frank T. Blake for water supplied to his consumers in adjoining subdivisions at Capitola, Santa Cruz County, 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 within thirty (30) days from and after the date of this Order, Frank T. Blake, operating under the fictitious firm name and style of Opal Water Works, shall file with the Railroad Commission the following schedule of rates to be charged for all water service rendered his consumers in the entire territory indicated above on and after the first day of July, 1940:

RATE SCHEDULE

FLAT RATES

Bona-fide Permanent Residents, per month.....\$1.50

Non-permanent Residents:

Minimum annual charge, payable in advance,  
which entitles the consumer to water for  
a period of eight consecutive months  
during the calendar year..... \$12.00

For use of water during other months,  
per month or fraction thereof..... 1.50

METER RATES

Bona-fide Permanent Residents:

Minimum Monthly Charges:

5/8 x 3/4-inch meter.....	\$1.50
3/4-inch meter.....	2.00
1-inch meter.....	3.00
1 1/2-inch meter.....	4.50
2-inch meter.....	6.00

Each of the foregoing "Minimum Monthly Charges" will entitle the consumer to the quantity of water which that minimum monthly charge will purchase at the following "Monthly Quantity Rates":

Monthly Quantity Rates:

First	600 cubic feet, per 100 cubic feet.....	\$0.25
Next	1,400 cubic feet, per 100 cubic feet.....	.20
All over	2,000 cubic feet, per 100 cubic feet.....	.15

Non-permanent Residents:

Minimum annual charge, payable in advance, which entitles the consumer to 500 cubic feet of water each month from March to October, inclusive, and 200 cubic feet of water each month of November, December, January and February..... \$12.00

When water is used in excess of the monthly quantities purchasable under the foregoing "Minimum annual charge," the following rate schedule shall apply:

For the Period from March 1st to October 31st:

First	500 cubic feet, included in annual charge	
Next	100 cubic feet, per 100 cubic feet.....	\$0.25
Next	1,400 cubic feet, per 100 cubic feet.....	.20
All over	2,000 cubic feet, per 100 cubic feet.....	.15

For the Months of November, December, January and February:

First	200 cubic feet, included in annual charge	
Next	400 cubic feet, per 100 cubic feet.....	\$0.25
Next	1,400 cubic feet, per 100 cubic feet.....	.20
All over	2,000 cubic feet, per 100 cubic feet.....	.15

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

IT IS HEREBY FURTHER ORDERED that Frank T. Blake, operating under the fictitious firm name and style of Opal Water Works, be and he is hereby directed, as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission for its approval, quadruplicate sets of rules and regulations governing relations with his consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet approximately 8 $\frac{1}{2}$  x 11 inches in size, delineating thereupon in distinctive markings the boundaries of the original and presently authorized service areas; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.
2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn to an indicated 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.

3. Within ninety (90) days from the date of this Order, to file with this Commission a true copy of the proper franchise, permit or consent granted by the Board of Supervisors of the County of Santa Cruz, 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 herein authorized to serve water as a public utility.
4. Within ninety (90) days from the date of this Order, to file with this Commission 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 and necessity granted herein in excess of the actual cost of acquiring them.

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

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 18<sup>th</sup> day of June, 1940.

Ray & Rice  
Frank Kolb  
Ralph K. K. K.  
J. J. J.  
Justin J. Cameron  
COMMISSIONERS.