

Decision No. 39005

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Orville S. Clark and Agnes Clark, his wife, operating under the name of Occidental Water Works for Order authorizing an increase of water rates

ORIGINAL

Application No. 27169

Libby and Finn, by Frank W. Finn,
For Occidental Water Works.

BY THE COMMISSION:

O P I N I O N

Orville S. Clark and Agnes Clark, his wife, own and operate under the fictitious firm name and style of Occidental Water Works, a public utility supplying water to customers in the unincorporated town of Occidental, Sonoma County. In this application the owners allege that they have spent a considerable sum of money in acquiring additional water supplies and installing new mains and storage tanks and can no longer afford to operate on the present rate of \$1.00 per month. The Commission, therefore, is asked for authority to increase the present schedule of rates.

Public hearing in this matter was held before Examiner M. R. MacKall in Occidental.

The Occidental Water Works was acquired by the present owners through purchase from the estate of Effie M. Meeker, authorized by this Commission in Decision No. 37647, dated January 1, 1945. At the time of purchase the principal water supply of the utility was obtained from several springs on the original Meeker Ranch properties. An auxiliary spring, equipped with a pump and pressure system was also used as a standby water supply. It was located on a parcel of land owned by Mr. John Connella who had operated the system for a number of years on a leasehold interest, for which he paid a monthly rental of \$15, and later \$10, mainly for

use of the springs. These sources of supply being wholly inadequate, the new owners developed three additional springs which yielded a greatly increased volume of water and purchased for \$269 a parcel of land of four or five acres upon which a small spring is located. Certain of these springs will provide ample gravity water to meet system demands during the winter and early spring months. However, because of the location of the springs it is necessary to pump water over a ridge to supply the summer and fall demand. The present water supplies together with the new storage facilities recently installed should eliminate the water shortage problem.

Mr. Clark has installed 3,400 feet of new pipelines replacing inadequate and wornout mains. The total cost of this new construction has amounted to \$4,000. There still remains, however, the urgent necessity of installing a considerable amount of larger pipe to replace the present 3/4-inch lines which now serve a section of the easterly portion of Occidental. This small diameter pipe makes it impossible to deliver any water at all to several consumers in the day-time periods of peak demand during the summer and fall months. Mr. Clark has agreed to replace this pipe before the heavy summer load again prevents proper water service to these people.

Mr. C. F. Norris, one of the Commission's engineers, submitted a report covering an investigation of the operations of the system in which the original cost of the property was estimated to be \$8,451 as of February 15, 1946, with a corresponding depreciation annuity of \$87 computed by the 5 per cent sinking fund method. The operating expenses for the immediate future were estimated to be \$808 per annum, including depreciation. Annual revenue for the year 1946 was estimated to total \$586 at the present rates in effect, and \$1,232 for the same period at the rates proposed. It is apparent that applicant is entitled to an increase in rates and to this the consumers agreed and all were willing to pay the charges proposed. However, in the case of those consumers residing in the easterly portion of Occidental referred to above, the agreement was conditional upon the improvement of water service in this area.

According to the testimony a considerable amount of confusion and misunderstanding arose at the time Mr. and Mrs. Clark acquired this water system. The title to the lands upon which most of the springs and tanks were located and all of the distribution system was in the Estate of Effie M. Meeker. The Clarks took possession of and operated the properties about August 7, 1943. Final approval of this transfer, however, was not obtained from the Railroad Commission until January 1, 1945. The deed from the Estate of Effie M. Meeker to the Clarks specifically transferred to these purchasers certain lands containing several springs supplying the town, the springs located on these lands, and all of the pipes and other water distributing facilities in Occidental including the section thereof formerly called Howards.

Under deed dated November 15, 1944, Exhibit No. 2, certain lands on which the Locatelli Spring is situated were sold by Paul R. Edwards, acting guardian of the person and Estate of Julia A. Meeker (an incompetent person) to Carlo and Mary E. Panizzera, husband and wife. According to the testimony presented in this proceeding a portion of the Occidental Waterworks distribution system was disconnected by unauthorized persons and without the knowledge or consent of the Clarks. Thereafter water from the Locatelli Spring has been conveyed by Carlo and Mary E. Panizzera through said pipes disconnected from the Occidental system, to supply nine water users, including the Sonoma County Garage. No certificate of public convenience and necessity for the sale and distribution of water for compensation in this territory has ever been issued by the Railroad Commission to the Panizzeras.

There is neither room nor justifiable necessity for the operation of two utility water systems in a community as small and isolated as Occidental. Illegal competition in this instance already has limited and reduced to 38 the active customers of the lawful operators. The territory invaded unfortunately is the only section of the community where expansion and new development must logically take place. It follows naturally therefore that this interference with the natural increase in applicants new consumers presents a serious deterrent to their

expenditure of additional money for the present and necessary improvements, and for future development.

Applicants are to a considerable extent responsible for passively submitting to dispossession of a portion of the water mains acquired by them through deed of purchase and the consequent loss of revenues from several old and permanent consumers. Immediate steps should be taken by the Clarks to regain possession of the water distribution mains within that section of their service area known as Howards, and resume service therein. Inasmuch as the water service now being rendered by the Panizzeras to nine consumers in that area was not authorized by the Commission, it is an illegal operation and must be ordered discontinued if not voluntarily released to the Clarks. They should also endeavor to acquire the Locatelli Spring and transmission lines which were formerly a part of the dedicated water system serving Occidental and Howards for many years last past. Apparently at the time possession thereof was taken by the Panizzeras, it was operative public utility property and no authority for its transfer has ever been granted by the Railroad Commission.

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,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Orville S. Clark and Agnes Clark, his wife, operating under the fictitious firm name and style of Occidental Water Works, for water delivered to their consumers in and in the vicinity of the unincorporated town of Occidental, in the County of Sonoma, 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 service rendered; and basing its order upon the foregoing finding of fact, and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Orville S. Clark and Agnes Clark, his wife, operating under the fictitious firm name and style of the Occidental Water Works, be and they are 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 become effective on and after the first day of June, 1946:

Schedule No. 1

FLAT RATES

Applicability:

Applicable for all water service rendered on a flat rate basis.

Territory:

In and in the vicinity of the town of Occidental, Sonoma County.

Rates:

	<u>Per Month</u>
For all uses.....	\$2.00
For garden irrigation, to be charged only for months during which consumer irrigates; per 100 square feet.....	.06

Schedule No. 2

METER RATES

Applicability:

Applicable for all water service rendered on a metered basis.

Territory:

In and in the vicinity of the town of Occidental, Sonoma County.

Schedule No. 2 (Cont'd)

METER RATES

<u>Rates:</u>	<u>Per Meter Per Month</u>
<u>Monthly Quantity Charges:</u>	
0 to 1,000 cubic feet, per 100 cubic feet.....	\$0.40
Next 1,000 cubic feet, per 100 cubic feet.....	.30
Next 3,000 cubic feet, per 100 cubic feet.....	.20
Over 5,000 cubic feet, per 100 cubic feet.....	.10
<u>Monthly Minimum Charges:</u>	
5/8-inch meter.....	\$2.00
3/4-inch meter.....	5.00
1-inch meter.....	7.00

A minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Monthly Quantity Charge.

Special Conditions:

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

For all other purposes the effective date of this Order shall be thirty (30) days from and after the date hereof.

Dated at San Francisco, California, this 27th day of May, 1946..

Harold Anderson
Justus F. Cassin
Frederic S. ...
Isaac F. ...
Harold P. ...

COMMISSIONERS.