

Decision No. 20105

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of)	
ORBISONIA WATER COMPANY, a corpora-	:	
tion, for permission to issue to)	
ULRICH DIETHELM and HELEN DIETHELM	:	
a promissory note secured by a trust)	Application
deed upon real property of the cor-	:	No. 27128
poration and an assignment of the)	
net revenue thereof, and for an in-	:	
crease in rates.)	
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George C. Carmody, for applicant; Frank J. Hollander, for Ulrich Diethelm and Helen Diethelm; Carl Tilton, for customers.

O P I N I O N

In its amended application, Orbisonia Water Company, a corporation, engaged in the business of supplying water for domestic purposes in a subdivided area 3½ miles southwesterly of Pittsburg, Contra Costa County, asks permission to issue a note for not exceeding \$30,000 and execute a deed of trust to secure the payment of the note.

The Office of Price Administration was duly notified of the filing of the application.

A public hearing in the proceeding was held at Pittsburg before Examiner Stava.

At the hearing applicant withdrew the request for an increase in rates as new business was providing sufficient additional revenue to meet its financial needs.

Mr. E. L. Cupp, president and manager of applicant, testified that present water supply is obtained from wells, but owing to excessive pumping the quality is rapidly deteriorating by becoming excessively hard, brackish, distasteful and having an undesirable odor. The quantity produced is not sufficient to meet the demands of the customers and results in interruption of service and poor pressure. The service is further handicapped by sand from the wells, stopping or clogging the meters and service pipes. Storage facilities were also reported to be of insufficient capacity and elevation to provide a reasonable pressure and continuous service during periods of pump failures.

In order to provide an adequate and dependable supply of water for present and future customers, applicant proposes to purchase water from the Contra Costa Canal of the Central Valley Project. However, this is a raw water pumped from the Sacramento-San Joaquin delta region near Antioch and requires treatment in order to make it safe for human consumption. Applicant, therefore, proposes to install a filtration plant to provide a potable water, a storage tank at sufficient elevation to furnish an adequate pressure throughout the area served and a connection main from the filter plant to the storage tank.

Following is a list of the proposed facilities to be installed and their estimated cost.

Filtration plant (250 gallons per minute)	\$ 7,000
250,000-gallon storage tank	4,500
2,000 feet of 6-inch connecting main	3,500
40,000-gallon settling tank	1,702
Building over filter plant	2,000

Two parcels of land, 1 acre each, and 1800 feet of 25 feet connecting right of way	1,000
Financing and miscellaneous	<u>1,500</u>
Total	\$21,202

Mr. Cupp testified that applicant would also install any distribution facilities necessary to provide sufficient service to the customers.

Applicant is now indebted to Ulrich Diethelm and Helen Diethelm upon a note and deed of trust in the sum of \$3,798 which is the unpaid balance of a \$4,200 indebtedness authorized by the Commission in its Decision No. 35545, dated July 7, 1942. Applicant now asks permission to issue a note to the same parties for not exceeding \$30,000, and to execute a deed of trust to secure the payment of such note in order to pay, in part, the \$3,798 due on the above mentioned note and the cost of installing a filtration plant, a storage tank and connective pipe line. In its application as originally filed, applicant asked permission to issue a note for \$25,000. Because of the possibility that the actual costs of the improvements may exceed the estimates, it asks authority to issue a note for not exceeding \$30,000.

A copy of the note and the deed of trust are attached to the application as Exhibit "E" and Exhibit "C", respectively. The note bears interest at 6%, and provides that the principal and interest are payable monthly in installments of \$200 or more. The deed of trust will be a lien on three parcels of land and connecting rights of way, together with the contemplated improvements, when completed, and the present improvements on the property. As further security, applicant proposes to assign its net revenue to the holders of the note until the note is fully

paid. Applicant has also agreed to set aside 10% of its gross revenues for a maintenance fund for the purpose of making emergency repairs or fixed capital installations required to maintain adequate service throughout the service area. This fund is not to be disbursed without the noteholders' permission, and is to be maintained until the indebtedness is fully paid.

Applicant reports the fixed capital installed as of December 31, 1945, to be \$16,040. The operating revenues for the year total \$6,990 and the operating expenses for the same period as \$6,890, resulting in a net revenue of \$100. During 1945 applicant supplied water to 258 customers of which 224 were served on a measured basis.

A large number of customers appeared at the hearing to object to any increase in rates and to protest the service being supplied by applicant. The customers testified that the quality of water was bad; that service was frequently interrupted; that pressures were poor; that mains were not of sufficient capacity to supply the demand for water for domestic purposes or furnish fire protection, and that some of the pipe lines were of such poor condition that they were continually leaking and requiring repair. The customers further testified that Mr. Cupp was never present on the tract and that a representative that made the collections was also difficult to locate if the service was interrupted for any reason. They asked that applicant be compelled to supply a better quality of water at adequate pressures and with continuous service; that certain pipe lines be replaced with larger mains to improve domestic service and provide fire service, and that a representative of the company be available at all times to insure proper operation of the system.

The record shows that applicant realizes the present and past deficiencies in the water service and now seeks to correct all of them by use of the funds that will be obtained from the proposed loan and mortgage. Under the circumstances, it is apparent that the indebtedness should be authorized. However, in addition to the installation of new facilities, applicant should have a representative located in the service area that can be made available to the customers on short notice to make needed repairs and restore interrupted service. The operation of the proposed filter plant will make it increasingly necessary to have such a representative, at least on a part-time basis, to supervise the plant. This fact is emphasized by the letter from California Filter Company, which stated that the success of the filter plant with all of its attendant facilities is dependent upon trained and responsible attendance when required. Applicant will be expected to provide such an attendant.

O R D E R

Application having been filed as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being fully advised in the premises is of the opinion that the money, property or labor to be procured or paid for through the issue of note herein authorized is reasonably required by Orbisonia Water Company, a corporation, for the purposes herein stated, and that said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, now, therefore, .

IT IS HEREBY ORDERED as follows:

1. Orbisonia Water Company, a corporation, may, after the effective date hereof and on or before December 31, 1946, issue to Ulrich Diethelm and Helen Diethelm its promissory note for the sum of not exceeding \$30,000, and execute a deed of trust and an assignment of net revenue for the purpose of securing the payment of said note, said note, said deed of trust and said assignment of net revenue to be in, or substantially in, the same form as the note, the deed of trust and assignment of net revenue attached to the application as Exhibit "B", Exhibit "C" and Exhibit "D", respectively.

2. Orbisonia Water Company, a corporation, shall use \$3,798 of the proceeds realized through the issue of said note to pay Ulrich Diethelm and Helen Diethelm for the unpaid balance of a note for \$4,200, and \$26,202 of said proceeds, or as much thereof as necessary, to construct a filtration plant, a storage tank, a 6-inch connecting main and make other necessary improvements to its water system.

3. The authority herein granted will become effective when Orbisonia Water Company, a corporation, has paid the fee required by Section 57 of the Public Utilities Act, which fee is Twenty-seven (\$27.00) Dollars.

4. Within thirty (30) days after the issue of the note herein authorized, Orbisonia Water Company, a corporation, shall file with the Railroad Commission a copy of the note, a copy of the deed of trust and a copy of the assignment of net revenue executed under the authority herein granted.

5. Orbisonia Water Company shall file reports required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at Los Angeles, California, this 25th day of June, 1946.

David Rubin

Justin D. Casner

Thomas E. ...

John P. ...

Harold P. ...

Commissioners

