

Decision No. 39359

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

Application of Glen Oak Water Corporation,  
and C. N. Kunkle and Zelda A. Kunkle  
(Georgie W. Staire Water System), to trans-  
fer water systems at Oak View Gardens,  
Ventura County, to Gardens Water Corpora-  
tion.

Application No. 26965

Chris N. Kunkle for applicant;  
Charles Wenzel for customers.

O P I N I O N

In this proceeding Glen Oak Water Corporation, a corporation, and C. H. Kunkle and Zelda A. Kunkle, doing business as Georgie W. Staire Water System, both systems distributing water for domestic purposes in a subdivided section generally known as Oak View Home Gardens, situate nine miles east of the city of Ventura, Ventura County, ask the Commission for authority to transfer their properties to Gardens Water Corporation, a corporation, which supplies domestic water service to a subdivided section in, between and adjacent to the service areas of the above-mentioned systems. The application alleges that public interest will best be served by combining the three systems to be operated as one property because of the economies that can be effected and the improvement in service throughout the three areas served.

A public hearing in this proceeding was held before Examiner Stava at Ventura.

The Oak View section originally consisted of two adjoining tracts having a combined area of 100 acres, and known as Oak View Home Gardens Tracts Nos. 1 and 2. Separate water companies were formed and separate water systems were installed in each tract. Gardens Water Corporation provided the water service in Tract No. 1 and was granted a certificate of public convenience and necessity by the Commission

in its Decision No. 26718, dated January 17, 1934. Glen Oak Water Corporation serves Tract No. 2, and was granted a certificate to operate a public utility water system by the Commission in Decision No. 27533, dated November 19, 1934.

The Georgie W. Staire Water System was installed to aid in the sale of lots in the Georgie Staire Tract which adjoins Oak View Tract No. 1 on the south. The Staire Tract has an area of 60 acres and at present is only partially subdivided. The unsubdivided property in the tract now is owned by the Kunkles. No certificate has been obtained to serve this tract as it adjoins Tract No. 1 which has been certificated. Water for each tract is obtained from separate wells and is delivered directly into the distribution system. Excess water is stored in tanks having a combined storage of 220,000 gallons. All of the services are metered.

The rates at present in effect on all three systems were established by the Commission for the Gardens Water Corporation and for the Glen Oak Water Corporation in connection with the certificated proceedings. The measured rates are the same on the two properties and were adopted for the water supplied by the Georgie Staire system. The rates of the Gardens Water system provided for a basic \$1.50 monthly flat rate or a \$1.50 monthly minimum meter charge. This latter charge includes an allowance of 750 cubic feet of water. Use over the minimum is reduced in charges through two blocks of 15 cents per 100 cubic feet. These measured rates are effective also on the Glen Oak and Georgie Staire systems as no flat rates were established for the Glen Oak system.

The following table shows the operating statistics for the three systems as of December 31, 1944, together with the sale price of the two properties being transferred:

	<u>Gardens Water Corporation</u>	<u>Glen Oak Water Corp'n</u>	<u>Georgie Staire Water System</u>
Fixed Capital	\$ 9,283	\$ 8,650	\$ 1,206
Sale Price	-	1,800	1,000
Operating Revenues	1,755	1,615	-
Operating Expenses	1,912*	1,624*	-
Net Operating Revenues	\$ (157)	\$ (9)	-
Number of Customers	70	61	14

\* Includes depreciation allowance computed by the straight line method of \$371 and \$301, respectively.

Chris N. Kunkle and Zelda A. Kunkle, his wife, own all of the outstanding stock of the two corporations. If the Commission grants the authority to transfer the systems, the Kunkles will cause the Glen Oak Water Corporation to be discontinued.

Mr. Kunkle testified that he plans to interconnect the three systems and operate them as one unit. He claims that the combination of properties will result in economy of operation and improve the service by having available three water producing wells and three sets of storage facilities that can be used to reinforce any portion of the system requiring additional water to meet either the domestic demand or for fire protection purposes. He admitted that under the present method of operation there were some interruptions in service due to inadequate water supply. He further testified that he expected to subdivide and sell 30 acres of land in the Staire Tract and extend the mains in this tract to serve the new section. In order to provide sufficient water for this new subdivision, he has drilled two new wells, of which only one can be depended on as a source of water supply. However, he stated that Ventura County Flood Control District No. 1, which includes Ventura River Valley, was about to begin construction of a dam on the Matilija River, and when the project was completed water could be purchased from that source if the local well supplies were not sufficient to meet the customers' demands.

The customers on Oak View Tract No. 2, which is served by Glen Oak Water Corporation, protested the plan of interconnecting the three systems and operating them as a unit on the grounds that this tract has received the best water service of the three properties. They claim that more water is produced from this system's well than from any of the other wells, and if the systems are interconnected, these customers would be deprived of the water they are now receiving. There were a few customers on this tract who testified of poor pressure conditions and interruptions in service at their premises. However, some of the inadequate service was attributed to small-sized distribution mains.

Customers on Oak View Tract No. 1, which is served by the Gardens Water Corporation, testified that they did not receive sufficient water to meet their

demands during the summer months, and that they suffered from interruptions in service and poor pressure conditions, depending on location of residence in the tract. Some of the customers of the Staire Tract also protested the service being received, particularly those whose premises were located at the higher elevation. The customers generally testified that the water being produced from the wells supplying the three systems is obtained from one underground basin and that any additional production from new wells on the Staire Tract will deplete the supply to that extent for the entire area served. These customers agreed with Mr. Kunkle that an outside source of supply is the ultimate solution to the water problems in that section. The testimony showed that the pump in Tract No. 2 had been overhauled within the last five years, but that the pump in Tract No. 1 had not been reconditioned recently. Some of the customers considered the inefficient pump as the cause of the inadequate water supply on Tract No. 1, and asked that it be overhauled.

The record shows that the three systems serve one general territory, and that apparently the underground water supply conditioners are more or less the same for each well source. However, water production appears to be dependent largely on condition of the pump facilities and the distribution of the supply is dependent on the size of the mains and whether or not the premises are located at the elevated or at the less elevated section of tracts. Apparently the final solution of the water problem in this area will be an outside supply such as from the Matillja River Storage Project that is about ready for construction. This source of water may not be available for a couple of years, but during this interval it appears to be most equitable from a service standpoint to combine the three systems and operate them as a unit in order that an inadequate supply at one source may be reinforced by the supply from a more productive source. Applicant will also be expected to have the pumps tested and overhauled if necessary in order that all sources of supply may produce the maximum quantity of water of which they are capable. A survey should also be made of the distribution system, and replacements made with larger sized mains in areas where small mains are the cause of inadequate service. Under the circumstances, it appears to be in the public interest to authorize the transfer of properties requested and permit the interconnection of the three systems and their operation as one unit.

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 submitted and the Commission being now fully advised in the premises and it being of the opinion that this application should be granted, subject to the provisions of this Order, now, therefore,

IT IS HEREBY ORDERED that Glen Oak Water Corporation, a corporation, and C. N. Kunkle and Zelda A. Kunkle, doing business as Georgie W. Staire Water System, be and they are hereby authorized to transfer, on or before October 1, 1946, to Gardens Water Corporation, a corporation, the public utility water systems used in supplying service to residents of Oak View Home Gardens Tract No. 2, and Georgie W. Staire Tract situate on the Ventura River, nine miles from the city of Ventura, Ventura County, said public utility systems being more particularly described in the application.

IT IS HEREBY FURTHER ORDERED that if Glen Oak Water Corporation, a corporation, and C. N. Kunkle and Zelda A. Kunkle, doing business as Georgie W. Staire Water System, exercise authority herein granted, they, or either of them, shall file with this Commission, on or before October 1, 1946, the following data:

1. A statement showing the date when said properties were transferred.
2. A copy of the deed and bill of sale by means of which said properties were transferred to Gardens Water Corporation.
3. Four copies of rates under the name of Gardens Water Corporation, a corporation, for water furnished in the entire area served by it, which rates shall not be higher in any particular than the rates now on file with this Commission for the Gardens Water Corporation.
4. Within thirty (30) days from the date of this Order to submit to this Commission for its approval four sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area, and the location thereof with reference to the surrounding territory; 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.
5. 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 by appropriate markings the territory presently served. This map should be reasonably accurate, show the source and date.

thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service, provided, however, that such map 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.

IT IS HEREBY FURTHER ORDERED that upon the filing of the above data Glen Oak Water Corporation, a corporation, and C. N. Kunkle and Zelda Kunkle, doing business as Georgie W. Staire Water System, are relieved of all public utility obligations in connection with said system.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

This Order shall become effective upon the date hereof.

Dated at Los Angeles, California, this 27<sup>th</sup> day of August, 1946.

Harold P. Huls  
Justus F. Calver  
George W. Brown  
John H. Lowell  
A. F. [unclear]  
Commissioners