

C-5020  
C-5041  
AB

Decision No. ~~43452~~

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

PROPERTY OWNERS AND RESIDENTS OF  
ROWARDENNAN REDWOOD PARK

VS.

EMERY THOMPSON

Case No. 5020

In the Matter of the Investigation on the Commission's own motion into the service, rates, contracts, rules, regulations, operations, practices, or any of them of E. G. Thompson, doing business as Ben Lomond Redwood Park Water Co., operating a public utility water system in a subdivided area located in the vicinity of City of Ben Lomond, Santa Cruz County, California.

Case No. 5041

Jean E. Hoffman, for complainants;  
Emery G. Thompson, in propria persona.

O P I N I O N

These cases, a consumers' complaint and Commission investigation, were heard on a consolidated record before Examiner Gregory at Ben Lomond on June 3, 1949. They are the latest in a long series of formal proceedings, commencing in 1929, involving a small water system located in Ben Lomond and Rowardennan Redwood Parks near Ben Lomond in Santa Cruz County. The service area comprises some 150 acres of steep hillside rising westerly from the San Lorenzo River and State Highway No. 9. Water is secured by two diversions from Earl Creek at elevations 1,030 feet<sup>1/</sup> and 730 feet and from a small spring at elevation 410 feet, and flows by gravity through about four miles of transmission and distribution mains and storage facilities of approximately 62,000

<sup>1/</sup> Public Utilities California Corporation datum used throughout for elevations.

gallons capacity to reach some 112 permanent and summer residents in five service zones. Flat rates, in effect since January 1, 1936, are \$18 per year for permanent customers and \$16 per year for summer residents. The largest single consumer, an auto court, pays \$62 per year.

The present operator, Emery G. Thompson, acquired the properties in 1935 from Ben Lomond Redwood Park Corporation, the successor to the original owner, Edgar Bishop, who installed the system about 1907 to supply water to purchasers of lots in the tracts. Service has been intermittently poor under both the present and former owners. The current record only serves to emphasize that deficiencies long inherent in the system still persist. These defects may be grouped under the three general headings of supply, distribution and management.

The water supply, while normally adequate for year-round residents during the winter and spring, is subject to frequent stoppages during the summer and early fall months of low flow and peak use, and to interruptions at any time when pipes break or intakes become clogged with debris. Moreover, due to the inadequate size of some of the distribution mains, residents in the upper levels of the two top zones do not receive sufficient water even when storage tanks are full if the rate of flow to customers in the lower portions of those zones is high. There is also some indication in the record of occasional excessive use of water by a few consumers. One of the principal sources of irritation voiced by many of those who testified at the recent hearing was that Thompson is difficult to find when there is trouble and that there is no one to whom to turn for help in his absence. This complaint has been noted as far back as 1931 in formal proceedings involving both Thompson and his predecessors. Two emergencies early this year, resulting from pipes broken by freezing and by a landslide which took out 61 feet of three-inch transmission main in the upper part of the system,

while originally due to forces beyond Thompson's control, were aggravated by his delay in making necessary repairs.<sup>2/</sup>

It would serve no useful purpose to detail the numerous complaints registered at the hearing. They are of the same general nature as those recorded in prior proceedings involving both Thompson and his predecessors. In 1941 (Decision No. 34455, Cases Nos. 4502 and 4503) the Commission directed Thompson and the Public Utilities California Corporation to install a cross-connection, for standby purposes, with the latter's transmission main running close by the lower end of Thompson's system at an approximate elevation of 260 feet. Thompson was also directed to establish an office with a telephone and to employ an operator in his absence. The cross-connection was first recommended by the Commission in 1931, when the properties were in the hands of Ben Lomond Redwood Park Corporation, but the suggestion was not carried out. The failure to provide a standby supply and Thompson's unavailability at critical times account in large measure for the unsatisfactory service conditions revealed by the testimony. In addition, the record makes plain that unless diversion, storage and distribution facilities are substantially improved, there is not much hope for better service.

An engineer of the Commission's Hydraulic Division, E. F. Catoy, introduced a study of the results of operations of the system. He estimated the historical cost of the system, as of May 31, 1949, to be \$11,082.<sup>2/</sup> The adjusted revenues and operating expenses for 1948 were

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<sup>2/</sup> Thompson is sixty years of age. He has no transportation facilities and must walk up and down several miles of steep hillside to inspect or repair the system. He has no telephone and appears to be without readily available means to secure materials and labor. Aside from occasional employment elsewhere he has no occupation other than managing the water system.

<sup>3/</sup> The latest estimate carries forward two previous ones made by Commission engineers (Application No. 19885 (1935) and Case No. 4502 (1940)) and gives effect to additions and betterments, amounting to approximately \$3,500, since 1935 when Thompson was authorized to acquire the system.

\$1,632 and \$1,379, respectively. For 1949, collectible revenues at present rates are expected to reach \$1,956 and operating expenses to \$1,500. With taxes at \$5 per annum and a 5% sinking fund depreciation expense of \$166, the adjusted net operating revenues for 1948 and 1949 are, respectively, \$82 and \$285, giving a rate of return of 0.8% in 1948 and 2.8% in 1949 on the average rate base of \$10,300 used in making the calculations. The foregoing figures are estimated from available information, inasmuch as Thompson keeps virtually no records.

The Commission's engineer also recommended certain specific improvements, estimated to add \$5,270 to fixed capital and to increase the annual expense by \$240.<sup>L/</sup> He was of the opinion that with the cost of the additional facilities resulting in an even less adequate return, the rates should be increased. He also recommended that Thompson be required to keep available for his customers' inspection a tariff schedule, including applicable rules and regulations, and that he refrain from deviating from his filed tariff in collecting less than the applicable charges from certain customers, as the record indicates he

<u>Improvement</u>	<u>Additional</u>	
	<u>Annual Expense</u>	<u>Fixed Capital</u>
1. Install telephone at Thompson's home	\$ 60	\$ -
2. Install air vents and relief valves	2*	50
3. Install 800' of 2" pipe to enlarge supply to Kingham tank	6*	400
4. Improve creek diversions	2*	50
5. Install two 10,000 gallon tanks including connecting pipes	30*	2,000
6. Install cover on Kingham tank	2*	100
7. Supplemental supply from Public Utilities California Corporation		
a. Install 10,000 gallon tank	12*	800
b. Install 200' of 2" pipe to P.U.C.C. main	2*	100
c. Install 800' of 3" pipe for pump line	12*	800
d. Install 10 horsepower pump complete	21*	700
e. Water bills from P.U.C.C. (1" service)	20	-
f. Power bills from Coast Cos. G. & E. Co. (10 horsepower service)	60	-
8. Install locks on a few valves	4*	20
9. Install 10 meters on services using excessive water	7*	250
Total	240	5,270

\*Due to additional 5% sinking fund depreciation annuity.

has done occasionally in the past. A number of other recommendations were made by the engineer which if carried out would appear to go far toward curing many of the ailments with which this system has been afflicted for so long.

The history of this public utility water company strongly suggests that all concerned with its operation must unite now in a determined effort to strengthen its position. Otherwise, the community may as well face the certainty of continued inadequate water service. What this may mean to both Thompson and his patrons by way of financial outlay must largely rest upon the strength of their conviction that the system should be put on a sound basis. In doing so, the role to be played by Public Utilities California Corporation in helping to make standby service available should not be overlooked.

We find from the evidence of record that:

1. The present facilities for diversion, storage and distribution of water in connection with the public utility water system owned and operated by Emery G. Thompson at Ben Lomond, Santa Cruz County, California, are inadequate for the present and future needs of the consumers served by said water system.

2. The present methods of operation, supervision, management and maintenance employed by said Thompson are inadequate and insufficient to assure to said consumers a reasonably continuous supply of water for domestic use.

3. The installation of the facilities as herein recommended by the Commission's engineer, and the adoption of the practices and procedures in connection with the operation, supervision, management and maintenance of said water system, also essentially as recommended by said engineer, are necessary and vital for the proper and satisfactory operation of said water system as a public utility.

The rates hereinafter authorized are estimated to produce total operating revenues of approximately \$2,900, which after deducting the increased operating expenses totaling some \$1,950 will produce a net operating revenue between \$900 and \$1,000.

Based upon the foregoing findings of fact, it is concluded that Thompson, together with Public Utilities California Corporation to the extent above indicated, should immediately proceed with the construction of the installations herein recommended and that Thompson should forthwith adopt the practices and procedures herein recommended for improving the operation, supervision, management and maintenance of said water system. The order to follow will direct Thompson, as the owner and operator of said water system, to carry out such portions of the program of rehabilitation as may properly be required of him as a public utility. Since Public Utilities California Corporation is not a party to the present proceeding (though duly notified of the hearing herein) we may not at this time make any order directly affecting that corporation.

O R D E R

A public hearing having been held in the above-entitled and numbered proceedings, evidence having been received and considered, the matters having been submitted for decision; therefore,

IT IS HEREBY FOUND AS A FACT that the increases in rates authorized herein are justified, and basing its order upon the foregoing findings of fact and upon the evidence of record,

IT IS HEREBY ORDERED that Emery G. Thompson shall:

1. File in quadruplicate after the effective date of this order, in conformity with General Order No. 96, the schedules of rates shown in Exhibit A attached hereto and shall, upon not less than five (5) days' notice, make said rates effective for service rendered on and after the first day of October, 1949, more particularly as follows:
  - a. Schedule No. 1, General Metered Service.
  - b. Schedule No. 2, General Flat Rate Service, said schedules to supersede existing rate schedules heretofore in effect.

2. Within thirty (30) days from the effective date of this order:
  - a. Establish and thereafter maintain, either within his service area or at a convenient location in the business district of Ben Lomond, an office with a telephone available upon the premises and where someone will be available throughout the day and at reasonable hours during the evenings with authority to receive consumer complaints and to take prompt action to remedy service interruptions during periods of emergency, and notify all consumers in writing of the establishment of such office, its location, its telephone number and the name of the party in charge thereof. A true and correct copy of all rates, rules and regulations applicable to water service, as filed with this Commission, shall be available at said office at all times for public inspection.
  - b. Employ a capable plant operator with full authority and responsibility to manage, operate and maintain said water system at all times when said Thompson is absent therefrom or not otherwise available to operate said system, and notify this Commission in writing of the name and address of the person so employed.
  - c. Establish and thereafter maintain a full set of records and accounts as prescribed by the Commission for water corporations.
3. Proceed forthwith and complete on or before March 1, 1950 repairs, replacements and improvements to the water system in the following particulars:
  - a. Relief of air-lock at various points in the distribution system by means of standpipes, automatic air relief valves or other suitable contrivances.
  - b. Replacement of  $\frac{1}{2}$ -inch feeder to the 620-foot level 20,000-gallon tank (Kingham Tank) by a larger connection, so arranged that water may flow back to the central park area when needed.
  - c. Improvement of diversion facilities at the 730-foot level tanks.
  - d. Additional storage facilities in the upper portion of the system, to include one 10,000-gallon tank at elevation 850 feet and one 10,000-tank at elevation 730 feet.
  - e. Protection of all tanks from bird and animal contamination by installation of adequate covers and screens, and protection of valves and other appliances from tampering by unauthorized persons.

f. Installation of auxiliary water supply from existing or proposed mains of Public Utilities California Corporation serving the Ben Lomond-Glen Arbor area, to include:

- (1) One storage tank of 10,000 gallons capacity at an elevation of approximately 360 feet, with connection to spring located at elevation 400 feet, and connected also to distribution system.
- (2) One automatically controlled turbine or multi-stage centrifugal pump of at least 50 gallons per minute capacity.
- (3) Approximately 800 feet of three-inch pipe to connect pump with existing mains and with proposed 360 foot level tank; approximately 200 feet of two-inch pipe to connect said tank with Public Utilities California Corporation main; necessary check valves and other appliances to complete integration of auxiliary supply with rest of water system.

g. Installation of meters on service connections using abnormally large amounts of water.

4. File a progress report monthly with this Commission beginning October 1, 1949 and continuing until completion of the repairs, replacements and improvements specified in paragraph 3 of this order.

IT IS HEREBY FURTHER ORDERED that if the repairs, replacements and improvements to the water system as listed in paragraph 3 of the order herein have not been installed and constructed to the satisfaction of the Commission on or before March 1, 1950, then the schedules of rates ordered to be filed in paragraph 1 of the order herein, without further order of this Commission, shall be no longer in effect and the rates effective for service rendered on and after that date shall be the existing rates now effective.

The Commission reserves the right to make such further order or orders herein as may be necessary or proper in the public interest in the exercise of its jurisdiction.

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The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 9<sup>th</sup> day of August, 1949.

R. E. Johnson

Frank H. Luce

Therese P. Potter  
Commissioners.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In and about the tracts known as Ben Lomond Redwood Park, Rowardennan Redwood Park and Lomond Terrace, adjacent to and south of the town of Ben Lomond, Santa Cruz County.

RATES

Monthly Quantity Rates:

	<u>Per Meter</u>
First 500 cu. ft. or less, included in annual minimum charge	
Next 1,500 cu. ft., per 100 cu. ft. ....	\$0.25
Over 2,000 cu. ft., per 100 cu. ft. ....	.20

Annual Minimum Charge:

	<u>Per Meter</u>
Permanent residents or summer residents who request year-round service, payable yearly in advance, on or before January 1 .....	27.00
Summer residents who request service for four consecutive months only during the calendar year, payable yearly in advance before service is rendered .....	18.00
For each additional month, over four .....	4.50

The Annual Minimum Charge will entitle the customer to 500 cubic feet of water for each month that service is requested.

SPECIAL CONDITIONS

1. Summer residents who desire water service in addition to the four consecutive months' service that would be included in the summer-resident annual minimum charge, may pay the permanent-resident annual minimum charge and thereby be entitled to water service during every month of the year.

2. Charges for water used in excess of 500 cubic feet per month will be billed monthly, bi-monthly or quarterly, at the option of the utility.

Schedule No. 2  
GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate domestic water service.

TERRITORY

In and about the tracts known as Ben Lomond Redwood Park, Rosardennan Redwood Park and Lomond Terrace, adjacent to and south of the town of Ben Lomond, Santa Cruz County.

RATES

Per Service

Annual Charge:

Permanent residents or summer residents who request year-round service, payable yearly in advance, on or before January 1 .....	\$30.00
Summer residents who request service for four consecutive months only during the calendar year, payable yearly in advance before service is rendered .....	20.00
Four each additional month, over four .....	5.00

SPECIAL CONDITIONS

1. Summer residents who desire water service in addition to the four consecutive months' service that would be included in the summer-resident annual minimum charge, may pay the permanent-resident annual minimum charge, and thereby be entitled to water service during every month of the year.
2. For commercial establishments, the rate will be determined by water use as measured by meter or estimated and applied to the meter rates set forth in Schedule No. 1.