

Decision No. 49328**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of YOUNTVILLE WATER COMPANY )  
 for an order authorizing and permitting )  
 it to discontinue and abandon all water )  
 service to its customers, to voluntarily ) Application No. 34648  
 wind up and dissolve, and to distribute )  
 its assets to its stockholders on such )  
 dissolution. )

➤ Edward M. Jaffa, for applicant.  
Hayward C. McDonald, for the City of Napa;  
Andrew G. Faglani, for Ted Burton,  
 interested parties.  
Phillip S. Finnell, in propria persona,  
 protestant.  
Verner R. Muth, for the Commission staff.

O P I N I O N

By Decision No. 19065 dated December 1, 1927, in Case No. 2195, the Commission determined that William Joseph Hotchkiss, one of applicant's predecessors in interest was operating a public utility in the unincorporated town of Yountville and vicinity. Further, by Decision No. 38816 dated April 2, 1946, in Application No. 26976, the present applicant was authorized to acquire the public utility water system and make improvements by the issuance of its corporate stock and was directed to file revised schedules of rates. These rates were based upon the assumption that the applicant would serve approximately 75 customers. It is alleged that the public utility service has been operated in accordance with the flat monthly rates fixed in said Decision No. 38816, no meters ever having been installed. The flat rate for residences is \$1.50 per month.

Public hearing was held on October 28, 1953 in Yountville before Examiner Rowe. Evidence, both oral and documentary, was adduced and the matter was duly submitted for decision.

In 1950 the residents of Yountville organized a water district known as the Yountville-Napa County Water District which installed a water distribution system in Yountville and vicinity and arranged with the City of Napa to sell water through said system. Said system has been in operation since the middle of 1952.

At the time of the hearing all but six of applicant's water customers had changed to the district water system and are now obtaining water from the City of Napa. Notice of the request for abandonment and of the hearing was published on October 22, 1953 in a newspaper of general circulation published in Napa and a like notice was mailed on October 21, 1953 to each of applicant's remaining customers.

Only two of said customers appeared. One of the two did not protest the granting of the application but through his representative stated that he had purchased his property with the understanding he had private water rights. A like statement was made by the second customer present who said he protested the granting of the relief sought.

This latter customer has been receiving water at the total monthly rate of \$1.50 and has been using this water at his own residence and at another house on his property which he rents to others. This customer also has used the water at the flat rate for irrigating his garden, watering stock, and for other purposes. He has wells on his property which are sufficient for his needs, except that during some years the supply from such source is inadequate during the summer months. This customer, by laying a pipeline on his own property for 300 feet, could connect with the line now laid by another customer to connect with the city system along a private lane adjoining his property at a cost of approximately \$1 per foot. If satisfactory arrangements cannot be made for the joint use of the

pipe in this lane a connection of approximately 1200 feet would be required at the same cost per foot.

Should applicant be compelled to serve this one customer the rate to him would necessarily be subject to revision in keeping with the cost of rendering the service. Consequently, even if the application is denied the six or less remaining customers could not be assured that they would continue to enjoy the present rate structure.

Ordinance No. 906 of the City of Napa provides as follows:

"Metered or measured rates for water furnished or supplied consumers outside the corporate limits of the City of Napa are hereby fixed per thousand gallons as follows, to wit:

First 2,500 gallons at the rate of eighty cents  
Next 7,500 gallons at the rate of fifty cents  
Next 90,000 gallons at the rate of thirty-five cents.

"Provided that, applicable to all consumers outside of the corporate limits of the City of Napa using over 100,000 gallons of water per month, metered or measured rates are hereby fixed per thousand gallons as follows, to wit:

First 100,000 gallons at the rate of thirty cents  
Next 100,000 gallons at the rate of twenty cents  
All over 200,000 gallons at the rate of ten cents.

"And provided that, applicable to all customers outside of the corporate limits of the City of Napa, the monthly minimum charge, applicable to all metered or measured service will be as follows:

|                    |        |
|--------------------|--------|
| 3/4-inch service   | \$2.00 |
| 1-inch service     | 2.55   |
| 1 1/2-inch service | 2.85   |
| 1 3/4-inch service | 3.25   |
| 2-inch service     | 4.50   |
| 2 1/2-inch service | 5.10   |
| 3-inch service     | 5.75   |
| 4-inch service     | 7.00   |
| 5-inch service     | 8.25"  |

Service provided in this manner by the City of Napa appears to be superior to that now furnished by applicant. The pipes of the

latter are in poor repair and the pressure is only approximately 30 pounds as compared with 100 pounds in the municipal system. Also the reservoir from which applicant's water comes is filled in to a substantial extent and the spillway requires repair.

According to the testimony of the bookkeeper of applicant, it suffered a net financial loss of \$832.45 for the fiscal year ended May 31, 1953, and \$161.42 for the period June 1, 1953 to July 31, 1953. These figures do not include any charge for supervision, except to the extent that supervision is included in labor expense and clerical salaries; nor do they include any charge for legal expense, for accounting services for the preparation of tax returns and the annual report to the Commission, for office rental and property taxes, all of which were paid or furnished by the company stockholders.

After a careful review and consideration of the entire record, the Commission is of the opinion and finds that public convenience and necessity no longer require that applicant continue its public utility water service. The evidence shows that, under existing conditions, applicant cannot continue to supply water to the present consumers except at a substantial financial loss and to insist that this be done is clearly unreasonable. It is a well established principle in law that the State cannot compel the continued operation of a public utility at a loss, and therefore applicant should be relieved of such public utility obligations as exist regarding the service of water to its remaining six customers.

The sole protestant having stated that during the present year his wells have been adequate and the only other customer not being located adjacent to the city system having now laid a pipeline connecting with said system, thirty days appear to be a reasonable time to enable the customers to secure water from other sources.

The request to be permitted to voluntarily wind up and dissolve as a corporation appears to be misdirected as this Commission ceases to have jurisdiction over the applicant's corporate structure, simultaneously with its being relieved of its public utility status.

O R D E R

Application for authority to discontinue public utility water service having been filed, a public hearing having been held, the matter having been duly submitted and the Commission being now fully advised in the premises,

IT IS ORDERED that:

1. After the effective date hereof Yountville Water Company be, and it is hereby authorized to abandon and discontinue the further deliveries of water as a public utility to its consumers, thirty days after giving the hereinafter described notice.
2. Within twenty days after the effective date of this order, said Yountville Water Company shall notify each and every consumer served by it as of October 28, 1953 of its intention to discontinue water service as authorized herein.
3. On or before the termination of said thirty days' notice Yountville Water Company shall refund all deposits which customers are entitled to have refunded.
4. Yountville Water Company within thirty days after ceasing deliveries of water as a public utility shall notify the Commission in writing thereof and of its compliance with the provisions of this order.
5. Upon compliance with the provisions of ordering paragraphs 1 to 4, inclusive, Yountville Water Company shall stand relieved of all public utility obligations.

6. Except as granted by ordering paragraphs 1 to 5 hereof, inclusive, Application No. 34648 be, and it is hereby denied.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 10th day of November, 1953.

A. Z. Anderson  
President

Justin J. Cooney

Fremont Potter

John E. Mitchell

Gene Higgins  
Commissioners