

**ORIGINAL**

Decision No. 50571

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's  
own motion into the service, opera-  
tions, and practices of GARDENS  
WATER CORPORATION, a public utility  
water corporation operating in and  
near Oak View, Ventura County,  
California. )

Case No. 5537

Chris Kunkle, respondent.  
Rev. A. D. McManama, James O. Elkins,  
Mrs. George Harlock, Grant B. Topdahl,  
James M. Shaw, Mrs. Fred Muse, Joel L.  
Glenn, S. W. Hawkins, Mrs. Birch  
Snodgrass, Mrs. Frank Wheeler, and  
Mrs. Claude Hawkins, consumers in  
propria personae, complainants as to  
water service conditions.  
William R. Roche, attorney for the  
Commission staff.

O P I N I O N

By its order dated March 30, 1954, the Commission insti-  
tuted on its own motion an investigation into the service, operations,  
and practices of Gardens Water Corporation, a water  
corporation operating as a public utility in and near Oak View,  
Ventura County. ✓

A public hearing in this matter was held before  
Examiner Stewart C. Warner on August 10, 1954, at Ventura. Forty-  
four consumers, of whom 19 resided in the East Oakview Avenue area  
and 8 resided in the Park Avenue area, attended the hearing. Several  
of these consumers testified regarding poor service conditions.

Nature and Extent of Investigation

The Commission's investigation was instituted following  
receipt of several informal complaints from consumers residing in

the eastern edge of the service area at the end of Oakview Avenue and in an area which is the high point of Park Avenue, a short street at the southern end of the service area, as shown on the map, Exhibit No. 2, and on the map, Chart 1-A, contained in the Commission staff engineering report, Exhibit No. 1, filed at the hearing.

#### General Information

Respondent, Gardens Water Corporation, has been operated by C. N. Kunkle and Zelda A. Kunkle, husband and wife, since the water system was acquired by them in 1946 pursuant to authority granted by Decision No. 39359. As of December 31, 1953 water service was being furnished to 415 residential and business consumers. By Decision No. 45023, dated November 21, 1950, in Application No. 31626, respondent was granted an increase in rates and ordered to file with the Commission detailed plans and specifications to provide increased water pressures in certain low water pressure areas, and to file monthly progress reports until such water pressures were satisfactory. The record shows that respondent has filed only one progress report, and no definite plans for improvement in service have been developed.

#### Description of the Service Area and Water System

Respondent's service area includes approximately 200 acres in Oak View in Santa Ana Valley, located approximately half way between the cities of Ventura and Ojai. The major part of the service area is between 400 and 500 feet above sea level with a portion, known as the so-called Arnaz system, located about 720 feet above sea level.

The service area is supplied by several independent water systems. All of said systems can be interconnected. During their normal operation the valves at numerous interconnection points remain

closed. However, respondent often manipulates these valves to utilize and distribute the available water supplies.

Seven operative wells are scattered throughout the service area, and at the present time their combined production capacity is slightly more than 300 gallons per minute. All of the wells are manually controlled. Several wells have recently been breaking suction or pumping reduced quantities of water.

Storage tanks presently in use are located at three points, as shown on Chart 1-A. Each of said points is at a different elevation, although one group of four steel tanks is approximately at the same elevation as the highest of the other two tanks. These four small tanks provide total storage of 48,000 gallons. The other tanks are constructed of steel and have capacities of 80,000 and 115,000 gallons. During 1950 respondent constructed a concrete-lined reservoir having a capacity of between 500,000 and 700,000 gallons. This reservoir was covered but has never been placed in operation. It is adjacent to the four small steel tanks at an elevation approximately 15 feet lower than these tanks.

#### Service Complaints

The majority of service complaints have originated in the two areas hereinbefore noted; i. e., the southeast end of Oakview Avenue and Park Avenue, as shown on Chart 1-A. However, other consumers complained at the hearing of low pressures, and oil, sludge, rust, and sediment in the water. Complaints were registered that automatic washing machines, water softeners, and other hydraulically operated appliances, including lawn sprinklers, either failed to operate properly or were damaged by inadequate and impure water supplies.

#### Respondent's Position

Respondent, through its president, Chris Kunkle, admitted many difficulties encountered in the securing and maintenance of

adequate water supplies. He denied, however, that, although there were certain obvious physical impurities in the water, it was either contaminated or unfit to drink, and testified that regular periodic Ventura County Health Department reports had not been adverse.

Respondent's president further testified that he had borrowed \$8,700 from a local bank in his own name and had advanced this sum to the water company for the purchase and installation of a storage tank costing \$4,200; a new pump, \$2,700; and a chlorinator, \$1,500. He stated that the chlorinator had not been delivered but would be installed within a week or ten days after the hearing date. Respondent also spent \$1,000 to shoot the wells with explosives in the hope of increasing their production. Respondent's secretary and treasurer testified that the corporation owed Kunkle \$26,849 on a noninterest-bearing open account, and that applicant had operated at a loss during the year 1953. No wages or salary have ever been paid to any of respondent's officers or managers. Power bills and repairs to the water system account for the greatest increases in operating expenses since 1950.

Respondent's witnesses alleged and testified that respondent was financially unable to effect the improvements to the water system ordered by the Commission in Decision No. 45023.

#### Staff Investigation and Recommendations

A Commission staff engineer testified that he had investigated the service conditions with emphasis on the areas in which service conditions had been reported to be particularly deficient. He found that the maximum static pressure on May 25, 1954 in each of the two areas did not exceed 15 pounds per square inch and testified that such low pressures were below minimum acceptable standards.

The staff engineer recommended two plans for improving service conditions. Either of said plans would provide minimum

operating pressures of 25 pounds per square inch to the areas in question.

Plan No. 1

This plan, the estimated cost of which is \$1,200, would require the elevation by 25 feet above the ground on a wooden structure of the four small steel tanks at the reservoir site. Certain operating valves would be closed in order to redistribute water supplies more effectively.

Plan No. 2

This plan, estimated to cost \$2,500, would require that the large reservoir be placed in operation. It would also require the installation of approximately 900 feet of 6-inch main from the reservoir to an existing 4-inch main on Nordhoff Road near its intersection with Old Grade Road.

Under this plan the elimination of the 80,000-gallon steel tank was suggested as it had been leaking badly for some time. Subsequent to the staff engineer's field investigation, respondent rebuilt this tank and in so doing increased its capacity. In view of this development it now appears from the record that a 115,000-gallon steel tank situated adjacent to the above-referred to tank but at a lower elevation should be eliminated instead of the so-called 80,000-gallon tank now rebuilt. By so doing, the rebuilt tank to be retained would serve as a reservoir for the booster pump which supplies the Arnaz system, thereby eliminating one of the pressure zones. The major part of the water system would then obtain its water pressure from the large reservoir. Water supply withdrawals from said reservoir could be replenished during off-peak demand hours.

Conclusion

Although the record shows that respondent operated at a loss during 1953, it is evident that depreciation expense for the

year 1953, amounting to \$7,111 on an average fixed capital for the year 1953 of \$83,480.93, is excessive. Furthermore, such depreciation charges should be made available for capital expenditures under normal financial operations of the water system. It appears that respondent has been utilizing operating cash receipts to liquidate its open account obligations to its president. The record indicates no sound reason why respondent could not obtain funds for capital expenditures to improve its water system as recommended by the Commission staff engineer. Respondent should review its depreciation accounting practices and bring them more into line with those adopted by the Commission in Decision No. 45023, referred to hereinbefore.

The order which follows will require respondent to immediately effect the recommendations contained in the staff Plan No. 1 as hereinafter modified and to report to the Commission within 30 days after the effective date of the order, and every 30 days thereafter until completed, its progress in carrying out the provisions of the order. The order which follows will also provide that respondent, within the next six months, shall put into effect Plan No. 2 recommended by the Commission staff engineer and report to the Commission in writing, on or before March 1, 1955, its progress in carrying out this provision of the order.

By completing the work required under Plan No. 2, it would be necessary to elevate only two of the four small steel tanks as recommended in Plan No. 1. Therefore, Plan No. 1 will be modified accordingly.

With respect to the testimony and evidence regarding oil, rust, sludge, and other physical impurities in the water furnished by respondent, it is expected that the staff recommendations discussed hereinabove, when effected, will greatly alleviate these conditions. Among other possible sources of impurities, it is probable that the

source of oil in the water is lubricating oil used on the bearings of the pumps in respondent's wells. Such oil, should it be escaping through the packing around the bearings, would float on top of the water in the well and when the water level is drawn down in heavy pumping periods the oil is forced into the distribution pipelines. The staff recommendation under Plan No. 2, the use of the large reservoir, should greatly alleviate this condition by providing substantially greater storage facilities, thereby allowing respondent to cut down on the pumping rate of wells which, in turn, will allow the underground water supplies to replenish themselves more steadily. Pumping power costs, incidentally, would be reduced thereby. The record shows that respondent's practice has been to flush pipeline dead ends about once every two months. From a sound hydraulic engineering standpoint, and from the standpoint of furnishing good water service to consumers, it is desirable to flush dead ends once a week when adequate water supplies therefor are available. When such supplies are not available dead ends should be flushed as frequently as possible.

The Commission recognizes that the removal of impurities in pipelines may take several months under the practices recommended and ordered hereinafter. Consequently, respondent will be required by the order which follows to file monthly reports, for the next 18 months, of its progress in eliminating the physical impurities complained of.

The investigation herein discloses an emergency condition with respect to service to consumers of Gardens Water Corporation. The order which follows, therefore, will become effective on its date, the Commission finding that public necessity so requires.

O R D E R

An investigation on the Commission's own motion having been instituted, a public hearing having been held, the matter having been submitted, the Commission having been fully advised in the premises and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. a. That respondent, Gardens Water Corporation, shall immediately take steps to effect the recommendations contained in Plan No. 1 in Exhibit No. 1, the staff engineering report in this proceeding, except that only two of the four small steel tanks referred to therein shall be elevated.
- b. That respondent shall file with the Commission in writing, within thirty days after the effective date of this order, and every thirty days thereafter until completed, a report of its progress in carrying out this provision of the order herein.
2. a. That respondent shall, within six months after the effective date of this order, effect the recommendations contained in Plan No. 2, Exhibit No. 1, the staff engineering report in this proceeding, except that the 115,000-gallon storage tank shall be eliminated from the system in place of the so-called 80,000-gallon storage tank (now rebuilt) referred to therein.
- b. That respondent shall file in writing with the Commission, on or before March 1, 1955, its progress in carrying out this provision of the order herein.
3. That respondent shall file with the Commission in writing, within thirty days after the effective date of this order, and every thirty days thereafter for a period of eighteen months, a



report of its progress in eliminating the physical impurities complained of in the water furnished to consumers.

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

Dated at San Francisco, California, this 21st day of September, 1954.

John E. Mitchell  
President

Justice F. Caldwell

Harriet Pottel

Gene Rogers

\_\_\_\_\_  
Commissioners

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.