

ORIGINAL

Decision No. 52982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's Own)
 Motion into the service, operations,)
 and practices of Gardens Water Corpo-)
 ration, a public utility water corpo-)
 ration operating in and near Oak View,)
 Ventura County.)

Case No. 5537

Chris Kunkle and W. A. Campbell, for Gardens
 Water Corporation;
Leslie L. Matheney, Chairman of Steering
 Committee to Form a Water District; R. C.
 MacMillan, for Ventura River Mutual Water
 Company; Ned S. Porter, Grant Topdahl and
 William Buckner, in propria personae,
 interested parties;
Mary Moran Pajalich, for the Commission staff.

OPINION ON ORDER REOPENING PROCEEDING
 FOR FURTHER HEARING AND ORDER TO SHOW CAUSE

By Decision No. 50571, dated September 21, 1954, in Case No. 5537, the Gardens Water Corporation, a public utility, was ordered to make specified service improvements in its water system. In particular it was directed to elevate two small steel tanks not less than 25 feet above the ground, place in operation a large covered reservoir, take steps to eliminate physical impurities from the water system, and file monthly reports as to the progress made on each of these items.

Under date of July 12, 1955, this Commission issued an order reopening the proceedings for further hearing and order to show cause inasmuch as the progress reports filed and an investigation by the staff of this Commission indicated that the ordered improvements had not been made.

A public hearing was held in Ventura on February 29, 1956, before Examiner Grant E. Syphers, at which time testimony was adduced and the matter submitted.

Exhibit No. 1 RH is a report on the results of operations of Gardens Water Corporation, prepared by the staff of this Commission. This report sets forth the results of operations for the year 1953 as recorded in the company's books, for the year 1954 as recorded and as adjusted where necessary, and for the years 1955 and 1956 as estimated. The report also includes analyses and estimates of revenues, operating expenses, taxes, utility plant, and depreciation. Likewise it develops rate bases for the years 1953 to 1956, inclusive, and a summary of earnings for these same years.

The report sets out the extent to which the company has complied with the order contained in Decision No. 50571, supra. Relative to the requirement that two steel tanks shall be elevated, it shows that only one such elevation has been accomplished. As to the requirements of the decision that the company place in use its large covered reservoir and that physical impurities be eliminated, there has been no compliance. The report does show that monthly progress reports have been filed, although many of these simply state that no progress has been made.

One of the owners of the company testified as to the alleged difficulties that have been experienced. He pointed out that the past few years have been very dry, and accordingly there has been a shortage of water. He stated that the company has raised one tank in an attempt to comply with Decision No. 50571, which raising was accomplished the week prior to the hearing. He further testified that he intends to use his large covered reservoir in another month or so although there is not enough water at the present time to justify its use. As to the physical impurities in the water, he stated that the company put in a sand trap in about July, 1955, on one well.

An analysis of this record indicates, and we now find, that the defendant company has not complied with the requirements of Decision No. 50571, supra.

The staff report (Exhibit No. 1 RH) indicates that the company's pumps have capacities far in excess of their respective wells. They are manually controlled, and it is the opinion of the staff in its report that automatically controlled pumps properly matched to the wells would result in a more uniform supply of water. The staff further recommends that the second small steel tank be elevated without delay. It also points out that while the use of the large covered reservoir, as required by Decision No. 50571, would greatly improve service, at the present time it would be difficult to fill this reservoir with water. Therefore, the staff in its report recommends that the company be allowed to defer the installation of the necessary pipe to place this reservoir in use until November 1, 1956. A final recommendation is that the company be directed to file with the Commission up-to-date rules and maps, and, in the future, make a change in the method of handling its annual depreciation expense.

Further testimony was presented at the hearing regarding the possible sale of this company to a county water district. Exhibit No. 2 RH consists of two agreements, one in which the water company has agreed to sell to a water district under certain conditions, and the second in which an existing mutual water company also has agreed to sell to a water district.¹

A director of the Ventura River Mutual Water Company testified that his company will furnish its excess water to Gardens Water Corporation.

¹ The Commission has been informally advised since submission of this matter that Gardens Water Corporation has been excluded from the proposed water district.

In the light of this record, we now find that the second small steel tank should be elevated without delay. There appears to be a need for the large covered reservoir to be placed in operation, but, as circumstances do not permit its initial filling this summer, the requirement of Decision No. 50571, supra, will be amended.

The respondent Gardens Water Corporation is reminded that it is a public utility and will be expected by this Commission to conduct its operations in a manner satisfactorily conforming to the duties and obligations of such a public utility.

O R D E R

An order reopening proceeding for further hearing and order to show cause having been issued by this Commission, public hearing having been held, the matter having been submitted, and the Commission being fully advised in the premises and hereby finding it to be in the public interest,

IT IS ORDERED:

1. That paragraph 2.a. of the order contained in Decision No. 50571, dated September 21, 1954, in Case No. 5537, be and it hereby is amended by extending the time to and including October 31, 1956, in which to complete the effecting of the recommendations provided for in said paragraph.

2. That all other provisions of the order in Decision No. 50571, supra, shall remain in full force and effect.

IT IS HEREBY FURTHER ORDERED:

1. That Gardens Water Corporation, within thirty days after the effective date of this order, shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules revised to reflect present-day practices and relations with its customers, together with four copies of a tariff service area map acceptable to this Commission. Such rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

2. That within ninety days after the effective date of this order Gardens Water Corporation shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale not smaller than 300 feet to the inch, clearly indicating thereon by appropriate markings the various tracts of land and territory served; the production, storage and distribution facilities; and the location of the various water system properties.

3. That beginning with the year 1956, Gardens Water Corporation shall determine depreciation expense by multiplying the depreciable utility plant, less the net contributed plant contained therein, by a rate of 2.5 per cent. This rate shall be used until review indicates it should be revised. Gardens Water Corporation shall review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable utility plant occur or at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to the Commission.

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

Dated at San Francisco, California, this 1st day of May, 1956.

E. N. [Signature]
President

Justice J. [Signature]

Ralph [Signature]

[Signature]

Commissioners

Commissioner Rex Hardy being necessarily absent, did not participate in the disposition of this proceeding.