

Decision No. 54628**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation on )  
 the Commission's own motion into the )  
 service, rates, charges, contracts, )  
 rules, regulations, operations, )  
 practices, or any of them, of )  
 ALDERCROFT HEIGHTS COMPANY, INC., a )  
 corporation, operating a public utility )  
 water system in a subdivided area known )  
 as Aldercroft Heights in Santa Clara )  
 County, California. )

Case No. 5494  
 (Order to Show Cause)

In the Matter of the Application of the )  
 ALDERCROFT HEIGHTS COMPANY, INC., for )  
 authority to increase meter rates and )  
 to make certain changes in the flat )  
 rate schedule (Section 454 of the )  
 Public Utilities Code). )

Application No. 38538

Earl A. La Porte, President and Manager, for  
 Aldercroft Heights Company, Inc.  
John B. Ogden, for Aldercroft Heights Water Users.  
Mrs. Mildred S. Peters, for herself and for cer-  
 tain consumers of Aldercroft Heights Company, Inc.  
Hector Anninos, for the Commission staff.

### O P I N I O N

The Commission, upon good cause having been presented to it, directed Aldercroft Heights Company, Inc., a public utility water company, and its president, Earl A. La Porte, who, with his wife, are sole stockholders of the company, to appear and show cause why an order for rehabilitation of the water system issued in Decision No. 49580, dated January 18, 1954, in Case No. 5494, had not been complied with.

That order, made after hearing, had directed the company, then owned by La Porte's predecessors, (a) to repair certain spring water supply and storage facilities within 45 days after its

effective date; (b) to file with the Commission a plan for rehabilitation or replacement of distribution mains within 60 days after its effective date; (c) to install, not later than June 30, 1954, a larger pump, together with automatic controls and an automatic chlorinator, in connection with the utility's Los Gatos Creek source of supply and connected booster facilities, and to report compliance with that portion of the order within 15 days thereafter.

Public hearing on the order to show cause was held, after due notice, at Los Gatos on January 29, 1957, before Examiner John M. Gregory. Testimony was offered by a Commission staff engineer who had inspected the system on the preceding January 25, and by La Porte.

Because the issues in Case No. 5494, including the issue of financial ability to effect the rehabilitation, appeared to be closely related to those involved in a pending rate increase application filed by the utility on October 29, 1956 (Application No. 38538), but not yet heard, the two proceedings were ordered consolidated.

The evidence in connection with the show cause order disclosed that La Porte and his wife acquired the stock of Aldercroft Heights Company, Inc. in 1954; that the system was then, and for some time previously had been, in a serious state of disrepair, with resulting inadequate service; that La Porte had knowledge of the requirements of Decision No. 49580, although he had overlooked the direction to file a rehabilitation plan with the Commission; that he had expended some money and effort in an attempt to improve service, including, among other things, the installation of an automatic chlorinator in 1955; that despite his efforts the system was still not functioning adequately and

consumers were complaining; that he had been unable to comply with the Commission's order due to lack of funds, and that his ability to comply therewith hinged upon his receiving an increase in rates. He requested, at the hearing, that the Commission grant him immediate interim rate relief pending a hearing on his application. La Porte conceded the correctness of the staff engineer's testimony concerning deficiencies of the system as revealed by his inspection.

We find from the evidence that, although the present owners of Aldercroft Heights Company, Inc. have expended some money and effort and, to that extent have effected some improvement in facilities and service of their water system, nevertheless they have failed to comply fully, or even substantially, with the terms of the Commission's order in Decision No. 49580, but that such failure has not been willful, and that the system is still in need of rehabilitation.

The record does not disclose, other than generally, the type or cost of installations required to place this system in adequate operating condition as of the present time. We conclude, therefore, that the Commission's investigation, Case No. 5494, should be reopened for further hearing to determine whether Decision No. 49580 should be rescinded, altered, or amended in any respect, and that the application to increase rates should be consolidated therewith and hearing held thereon at the earliest convenient date.

Respondent's request for interim rate relief, pending final decision in the consolidated proceeding, should and will be denied.

O R D E R

Public hearing having been held on the order to show cause issued herein on January 15, 1957, evidence having been received and considered, the matter having been submitted for decision and the Commission now being fully advised,

IT IS ORDERED that:

1. Case No. 5494 be and it hereby is reopened for further hearing, for the purposes specified in the foregoing opinion, at a time and place hereafter to be determined but on not less than ten days' prior notice to be given by the Secretary, in conjunction with Application No. 38538 of Aldercroft Heights Company, Inc. to increase rates.
2. The request of Aldercroft Heights Company, Inc., made at the hearing herein on January 29, 1957, for interim rate relief, be and it hereby is denied.
3. Further proceedings on the order to show cause herein are discontinued.

Dated at San Francisco, California, this 5<sup>th</sup> day of March, 1957.

[Signature]  
President  
[Signature]  
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Commissioners