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Decision No. 60283 ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the service, operations, rules and practices of CAMP MEEKER WATER SYSTEM, INC., a corporation.	Case No. 6390

Hitchcock & Coulter, by L. G. Hitchcock, for respondent.
Ralph R. Bailey, for Chenoweths, Inc., a California corporation, Leslie Chenoweth, William Chenoweth and Claire Chenoweth, as individuals; John J. Gannon, for State Department of Public Health, Bureau of Sanitary Engineering; interested parties.
Hugh N. Orr, for the Commission staff.

INTERIM OPINION

The above-entitled investigation on the Commission's own motion into the service, operations, rules, and practices of Camp Meeker Water System, Inc., a corporation, was instituted on December 1, 1959.

Public Hearings

Public hearings on said investigation were held before Examiner E. Ronald Foster on March 30 and 31, 1960 at Sebastopol and on April 14, 1960 at San Francisco. About one hundred consumers of respondent's water system attended the hearings, at one time or another, some of whom are year-round residents of Camp Meeker and others have summer homes there.

A Commission staff engineering witness submitted several exhibits including a detailed report on his investigation of the utility's operations concerning the adequacy and condition of the existing facilities and the adequacy of the water supply for the system. Several customers testified as to their dissatisfaction with the service rendered by the utility, both in the past and at the present time. The respondent offered oral testimony, supported by

four exhibits, by the manager of the water system, two officials of the corporation, a consulting engineer, a well driller and one consumer on behalf of respondent.

At the end of the third day of hearing, the matter was submitted on a motion for an interim decision and was continued to a date to be set for further hearing.

History and Background

The system was installed originally about 1900 by M. C. Meeker for the purpose of supplying domestic water to residents in the original Camp Meeker subdivision and to aid in the sale of real estate. This area subsequently has been enlarged with the addition of further subdivided tracts.

The investigation in the present case was prompted by a number of informal complaints of inadequate water service filed in August 1958 (one with 38 signers) and from May to November in 1959 (one with 119 signatures). Five other formal complaints had been filed in the period from 1931 to 1949, during which time the operations of the water system were controlled by one or more members of the Meeker family. By the Commission's Decision No. 44303, dated June 13, 1950, in the last such proceeding, Case No. 5155, the Meeker heirs were authorized to file the increased rates which are those now in effect and at the same time were required to repair the system and provide certain additional facilities. Compliance with such requirements was essentially completed by January 6, 1951.

Pursuant to authorization contained in Decision No. 46373 dated November 6, 1951, in Application No. 32820, the properties pertaining to the Camp Meeker water system were transferred to Hardin T. Chenoweth and his sons William C. Chenoweth and L. C. Chenoweth. The record shows that at about the same time the

Chenoweths also acquired from the successors in interest to the Meeker family certain lands consisting of some 700 acres considered as nonoperative so far as the water system was concerned. These properties, other than those pertaining to the water system, were later transferred to Chenoweths, Inc., a corporation, which had been formed about August of 1952. Some time prior to March 13, 1959, Hardin T. Chenoweth died and his widow, Claire A. Chenoweth, and stepmother of the Chenoweth brothers, became the sole beneficiary of his estate. According to testimony of William C. Chenoweth in the instant proceeding the stock of Chenoweths, Inc., is now held in three equal parts: one third by Claire A. Chenoweth; one third by William C. Chenoweth and his wife, Ann Chenoweth; and one third by Leslie C. Chenoweth and his wife, Jewel Chenoweth.

Respondent herein, Camp Meeker Water System, Inc., was incorporated March 30, 1959, with the same five Chenoweths just named as the first directors of the latter corporation. Application No. 41313 was filed on July 16, 1959, requesting the Commission, among other things, to authorize:

(1) The transfer of all of the assets, business and operating rights of Camp Meeker water system from Chenoweths, Inc., Leslie C. Chenoweth, William C. Chenoweth, and Claire A. Chenoweth, as their interests might appear, to the corporation, camp Meeker Water System, Inc.; and

(2) The issuance of 1,000 shares of the common capital stock of the par value of $10 per share, a total par value of $10,000, to Chenoweths, Inc., for the purpose of acquiring the public utility water system known as Camp Meeker Water System.

The requested authorization was granted by Decision No. 58847 dated August 4, 1959.

Attached to said Application No. 41313 is a balance sheet of "Camp Meeker Water System" dated June 30, 1959, wherein the fixed assets were shown as follows:

Water System	$ 8,500.00
Truck	1,425.00
Water Meters	226.80
Total Fixed Assets	10,151.80
Less: Reserve for Depreciation	1,651.80
Net Total	$ 8,500.00

It may be noted that the sum of $8,500 is the same as that assigned by the Chenoweths as the purchase price applicable to the water system as set forth in the prior Application No. 32820.

Annual reports filed with the Commission by the Chenoweths for the eight years 1951 to 1958, inclusive, have shown total utility plant installed in the Camp Meeker water system at amounts varying from $33,924 at the end of 1951 to $35,575 for the years 1953-4-5, and reduced to $34,326 for the years 1956-7-8, with a reserve for depreciation amounting to $8,926 at the end of 1958, thus indicating the net amount of utility plant less reserve of $25,400 as of December 31, 1958. The same reports show net utility operating income for the eight years totaling $7,766 or an average net income of $970 per year after deducting operating expenses, depreciation and taxes.

In Application No. 41313 the following persons were named as the officers and directors of Camp Meeker Water System, Inc.:

William C. Chenoweth, President
Claire A. Chenoweth, Vice President
Ann Chenoweth, Secretary and Treasurer
Jewel Chenoweth, and
Leslie C. Chenoweth.

All of the stock of Camp Meeker Water System, Inc., is owned by Chenoweths, Inc., the directors of which corporation are the same five

Chenoweths as those just named, although the officers of the two corporations are not respectively identical.

Description of the Water System

Respondent's system supplies water to several steep hillside tracts comprising some 150 acres on both sides of Dutch Bill Creek in the community of Camp Meeker, Sonoma County, located on the Bohemian Highway some five or six miles southeasterly from Monte Rio and the Russian River and about two miles northwesterly from Occidental.

Water for the system is obtained from about a dozen springs located in eight areas, from which the water goes more or less directly into 16 storage tanks which have a combined capacity of 115,000 gallons. There are about six booster pumps connected to the system, five of which are used to transfer water from tanks filled by gravity from the springs to those tanks to which the spring supply is not directly available or where the spring supply is insufficient.

According to the 1958 annual report filed with the Commission, the collection and distribution system comprises approximately 62,000 feet of pipe, of which over 45,000 feet consists of pipe which is 1½ inch or less in diameter. As of December 31, 1958, there were reported to be a total of 361 service connections, of which only 302 were considered to be active as of that date. Practically all of the service connections are of ¾-inch pipe. In partial compliance with a Commission order, it appears that about 35 services were once equipped with meters, some of which are understood to remain in place. However, the reading of meters has been discontinued and now all charges for service are made at flat rates.

A map filed in this proceeding as Exhibit No. 2 shows the locations of the springs and distribution facilities in relation to the service area. The following tabulation shows the tank sites, the number and capacity of the tanks at each location, the number of services which may be served directly therefrom, and the source of

water for those tanks.

Name of Tank Site	Tanks: No.	Tanks: Capacity in Gallons	No. of Customers Served	Source of Supply
Tower	4 Tanks	9,900 9,400 4,200 12,600	112	Springs A*,AI*,B2*,B3*,DDI
Fern	2 Tanks	10,200 10,200	-	Tower Tanks & Springs B2&B 3
Baumert	2 Tanks	4,000 8,800	29	Springs J & K and California Tanks*
California	2 Tanks	9,800 12,400	144	Baumert Tanks or Fern Tanks*
Woodland	1 Tank	3,600	12	Spring M and Baumert Tanks
Gilson	1 Tank	8,900	17	Baumert Tanks
Hampton	1 Tank	2,600	14	Spring P
"T"	1 Tank	2,800	9	Spring T and Hampton Tank*
Sylvania	2 Tanks	2,800 2,800	24	Sylvania Spring & Fern Tanks*
Total	16	115,000	361	

* Indicates a booster is used to deliver water from the source indicated.

Nature of the Evidence

In response to the many informal complaints of deficiencies in service received by the Commission, staff engineers have inspected the respondent's system on several occasions and found such complaints to have been warranted. Efforts to prevail upon the Chenoweths to improve the service were largely ineffective. Their primary interest being in the harvesting of the timber from land acquired from the former Meeker estate, the Chenoweth brothers devoted most of their time to lumbering activities. This resulted in allowing the water system to deteriorate and some springs and tanks in use when the Chenoweths acquired the water system in 1951 were not operative in 1959, according to the testimony of many consumers which was corroborated by the staff engineer assigned to the current investigation.

The present number of customers is even less than reported in some prior years.

The staff engineer testified that he inspected all visible facilities of the water system during the fourth week of February 1960, on the basis of which he listed the following items needing to be repaired, removed or replaced:

> Diversion dam at Spring A needed patching or replacing.
> Line from Spring A to settling box was leaking at joints.
> Spring D needed more adequate impounding structure.
> Line from Spring D1 to settling tank contained 2-3 leaks.
> First 40 feet of line from Spring J appeared to be in poor condition.
> Water was escaping around side of diversion at Spring T.
> Line from Sylvania Spring was leaking at joints.
> One of the tanks at the California tank site appeared to be leaking.
> Receiving tank at Baumert site was in very poor condition and should be taken out of the system.
> Woodland tank was in very poor condition and should be replaced.
> The float control on the Gilson tank should be set lower to prevent water flowing over the top of the tank.

At the hearing, the manager of the water system testified that all of the foregoing items either had already been or were in the process of being corrected.

The staff engineer further testified to the following output of the springs supplying the system from measurements made in July 1959, the springs not listed showing only a trace:

Spring P	80	gallons	per	hour
Springs J & K	60	"	"	"
Springs A, A1, D & D1	360	"	"	"
Springs B & B1	110	"	"	"
Fern Springs	75	"	"	"
Total	685	"	"	"

This flow on a daily basis is equivalent to 16,440 gallons, or approximately 45 gallons per day per customer. For a peak day the requirement for this type of area is at least 400 gallons per day per customer, or 144,000 gallons per day for 360 customers. This requirement is based on experience with other water systems in summer resort areas where the critical test is a three-day holiday week end.

Therefore, to adequately supply the 360 customers there should be available from dependable sources of supply and from storage a total of 432,000 gallons of water for a three-day supply.

If it is assumed that the total storage capacity of 115,000 gallons is available at the beginning of the three-day period and entirely depleted at the end, it may be shown that there should be about 106,000 gallons per day delivered into the system, which is some 90,000 gallons per day or 3,750 gallons per hour more than the present springs were found to produce.

The staff engineer further testified that as an alternative to developing such a supply from springs or wells, storage of surface run-off might be feasible. For this purpose, he estimated that approximately 22 acre-feet of water would have to be impounded during the rainy season.

Thus it is evident that the primary and most important requirement is to obtain a considerably more adequate supply. Once such a supply has been developed, the next step to be undertaken is the installation of a system of feeder mains to all areas, the design of which will depend upon the new major sources of supply. The third step will be the progressive replacement of a large proportion of the existing distribution system which is far below the minimum standards set forth in General Order No. 103. The small pipelines were never adequate to take care of the present number of customers and their capacities have been much reduced during the past 50 or 60 years by normal processes of deterioration.

Customer Participation

About fifteen customers testified and introduced several exhibits to show the water supply conditions at Camp Meeker. In general, their testimony serves to emphasize that deficiencies long inherent in the system still persist. Even in years of copious

rainfall, the water supply to customers of the utility has been insufficient due to maldistribution of the available supply, caused largely by the arrangement of the distribution system and the preponderance of small-diameter piping. Customers higher up have often been unable to obtain water when those at lower elevations are using water. Permanent residents claimed that such conditions exist even in the winter months and they grow worse in summertime when more of the homes are occupied, particularly on week ends.

Exhibit No. 14 consists of a record of the rainfall in Camp Meeker for the years from 1931 to 1960, from which it may be shown that the average seasonal rainfall is about 54 inches. For the first two or three years after the Chenoweths acquired the water system the seasonal rainfall was above average. Subsequently, except for the seasons of 1955-56 and 1957-58, rainfall has been less than average, which has aggravated the conditions of inadequate water supply to customers' premises. In an effort to ration the available supply to the various distribution areas, the utility has manipulated valves on the system. It appears that this has resulted in even greater annoyance because of the failure to notify customers when water would be on or off.

The customers complained that the utility owners have done little to increase the water supply or to eliminate waste from leaky tanks and mains. During the past year or two, conditions have become so bad that many customers have been unable to enjoy the use of their homes, either for themselves or their guests. Several of these witnesses testified to their willingness to pay higher rates for their water service, provided there would be assurance of adequate water at all times.

Respondent's Position

Respondent's president testified that because of the small income from the water system it had been necessary for Chenoweths, Inc., to expend large sums of money for the system since the original purchase, the major portion of which has not been reflected in utility plant as shown in annual reports to the Commission. Of a total of over $18,000, cross-examination of this witness developed that considerable amounts have been spent on litigation over the properties acquired from the Meeker heirs and the record does not disclose whether it concerned the water system properties or those other properties acquired by Chenoweths, Inc., which were primarily timber lands. Neither does the record show the extent to which such expenditures were made toward improvements in the water supply and system facilities.

In Application No. 41313 requesting authority to transfer the water system to the respondent corporation, the applicants stated that it had "become necessary by reason of needed improvements in the water system, and in particular, the construction of a reservoir and dam, chlorination equipment, and the fulfillment of other requests" to operate the water company as a separate and distinct corporation, the stock ownership of which would, however, remain in the Chenoweth family. It was represented that this would be in the public interest and would better insure the continuity and efficiency of the operations of the water distribution in Camp Meeker.

Exhibit No. 12 shows the results of a preliminary survey made in August 1959, of a site for a retaining dam and storage pond which might be constructed on what is sometimes referred to as Fern Creek, south of the Baumert Springs area. This plot shows that a dam, about 38 feet high, if constructed at one location could impound about 27.50 acre-feet of water. The land on which the dam would be built is owned by Chenoweths, Inc.; however, the area flooded by such

a dam would flood a portion of an acre of adjoining property. This fact and the preliminary estimated cost of $40,000 for the dam deferred further investigations of this source of supply. One important advantage of such a reservoir would be the possibility of supplying the entire service area by gravity flow. On the other hand, the water impounded would require some treatment, at least chlorination, and possibly filtration.

Another witness for respondent testified that development of an area above the existing B and B1 Springs had produced an increased supply estimated at about 1,000 gallons per hour, from Springs designated as B2 and B3. If these new spring locations maintain this flow through the summer period, the water situation should not be quite as critical as last year, if the water can be properly transmitted and distributed; however, the total supply will still not be adequate.

During the late summer and fall of 1959, respondent explored the possibility of obtaining water from wells and several wells were drilled, both vertical and horizontal. Two more wells were drilled in 1960. One well in the T Spring area was bail tested to produce 300 to 400 gallons per hour. Another well, along Dutch Bill Creek was bail tested to produce 700 to 750 gallons per hour. It is questionable whether these wells, only 50 feet deep, will continue such production under steady pumping during the coming summer.

Respondent's witness testified that further drilling, probably to greater depths, was contemplated to be done this spring and early summer. It was reported that a 276-foot well had recently been drilled at Occidental, two miles away, which is capable of producing about 1,600 gallons per hour. According to the well-driller who has been doing work for respondent, such a well equipped with a suitable pumping unit might cost in the neighborhood of $6,300 (Exhibit No. 17). Whether similar success would be achieved with a

well drilled at Camp Meeker can only be proved by further explorations, there being no other deep wells in the vicinity.

Witnesses for respondent took the position that whatever amount may be spent by Chenoweths, Inc., on behalf of Camp Meeker Water System, Inc., must be considered as money loaned, to be repaid out of earnings by the utility, which will require an increase in rates for water service.

As its parent company, it appears that the utility may have to depend on Chenoweths, Inc., to assist it in the development of an adequate water supply and the improvement of the system. Having assumed the obligations of a public utility, it is incumbent upon respondent herein to recognize its responsibility and to take whatever steps are necessary and feasible to serve the public interest.

Findings and Conclusions

It is evident from the record, and the Commission finds as a fact, that the present facilities for procurement, storage, and distribution of water, in connection with the public utility water system owned and operated by respondent Camp Meeker Water System, Inc., are inadequate for the present and future needs of the consumers served by said water system. The present methods of operation employed by said respondent are inadequate and insufficient to assure said consumers a reasonably continuous supply of water for domestic use.

Respondent has incurred a public utility obligation which must be fulfilled within all reasonable limits of the physical capacity of its sources of supply and its financial ability. This obligation requires immediate action and effort on respondent's part to develop or acquire additional sources of water supply to reasonably meet the needs of its present consumers and further planning to provide for the normal growth and prosperity of the community.

The record shows that respondent made some effort in the fall of 1959 to develop increased water supply from certain springs and from wells, and that further and deeper drilling of wells was contemplated to be done this spring. The beneficial results of such efforts will be tested during the critical vacation period of 1960, particularly over the coming three-day week-end holidays.

The order will require certain measures to be taken, records kept and reports made as a basis for determining the additional steps which will be necessary to insure a dependable and adequate supply for the community. The order will also require engineering studies to be made toward the objectives of first obtaining a sufficient supply of water and then installing adequate storage facilities and a network of larger mains to distribute the water to meet the normal and reasonable requirements of all consumers.

In the meantime, the Commission finds and concludes that existing facilities should be used for supplying those consumers now being served or who have been so served in recent years, and that service to new customers should not be undertaken. As a step toward conserving the available supply, respondent will be ordered to make effective use of existing meters which were installed in response to a previous Commission order. Consumers are urged to cooperate in the prevention of the waste and unnecessary use of water, particularly during the approaching summer season of a relatively dry water year.

INTERIM ORDER

There having been filed an Order Instituting Investigation on the Commission's own motion into the service, operations, rules and practices of Camp Meeker Water System, Inc., a corporation, an investigation having been made, initial public hearings having been held thereon, staff counsel having made a request for an interim order, and to that extent the matter being now ready for decision

based on the findings and conclusions with respect to such evidence set forth in the preceding opinion,

IT IS HEREBY ORDERED as follows:

1. That until a showing has been made, satisfactory to the Commission, that there is available an adequate supply of water for any requested new connections in addition to all consumers then being served, and the Commission, upon such showing, shall first have modified this order, Camp Meeker Water System, Inc., shall limit the service of water in the future to the service connections existing as of the effective date of this order, such connections to include all active services and also any temporarily disconnected or inactive connections through which service has been rendered for any period of time subsequent to January 1, 1957.

2. That on or before July 31, 1960, respondent shall have corrected all of the eleven items found in need of repair or replacement as listed in Paragraph 1 of Chapter 3 of the Commission staff's report, Exhibit No. 3 herein, and on or before August 10, 1960, respondent shall render a written report to the Commission stating the approximate date on which each such item was corrected, together with appropriate details of the manner of making each such correction.

3. That respondent shall diligently continue its efforts heretofore commenced to provide a supply of water from all existing springs and wells, including those under development, together with necessary primary pumping plants, boosters and storage tanks, which will be sufficient to meet all reasonable demands by its consumers for the anticipated three-day peak periods which will occur in connection with holidays on September 4 and September 9, 1960; respondent shall report to the Commission in writing not later than the dates of September 8 and September 15, respectively, supplying the following data:

a. The amount of water in each storage tank, and the total thereof, at 6 p.m. on Friday, September 2 and Thursday, September 8.

b. The amount of water in each storage tank, and the total thereof, at 9 a.m. on Tuesday, September 6 and Monday, September 12.

c. A general statement as to the extent to which all consumers' demands for water were satisfied and the approximate times, duration periods and areas where shortages occurred, if any.

4. That respondent shall forthwith investigate and estimate the cost of providing whatever additional facilities may be found necessary to develop from springs, wells, or similar sources, and to deliver into the distribution system the daily quantity of water which, in combination with the accumulated storage, will be sufficient to supply a total consumption of at least 144,000 gallons each day for three successive days; on or before August 30, 1960, respondent shall render a written report to the Commission detailing the required facilities, the estimated cost thereof, and an approximate schedule of the dates on which such facilities can be installed and placed in operation.

5. In the event that it appears from the results of well drillings, currently under way or soon to be completed, that the total water requirements outlined in ordering paragraph 4 hereof cannot be met from all available springs and wells, then respondent shall investigate further the feasibility and costs of installing a dam in the Baumert Springs area, or Fern Creek, including the purchase of property required to impound at least 22 acre-feet of water during the rainy season of any future year; on or before October 1, 1960, respondent shall render a written report to the Commission giving the results of such investigations or studies, including cost estimates, which respondent shall have made.

6. After determination of the sources of water supply and the manner in which the required additional quantities of water will be developed and procured, respondent shall submit to the Commission, not later than November 1, 1960, plans and cost estimates of the feeder main network, designed in accordance with the requirements of General Order No. 103, which will be installed to distribute such water supplies to the various parts of the service area, together with a schedule of the dates when the several portions of the network will be installed and placed in operation.

7. Respondent shall immediately rehabilitate and put in operative condition all presently installed meters and shall install additional meters on service connections using abnormally large quantities of water or where wastage or careless use of water appears to exist, all of which meters shall be read at regular intervals and charges for water delivered through meters thereafter shall be billed at the appropriate authorized meter rates; on or before October 15, 1960, respondent shall report to the Commission, in writing, the number of meters installed and the names of customers being furnished water service on a metered basis as of October 1, 1960, and the water consumption of each of these customers for the month of September, 1960.

8. On or before December 1, 1960, respondent shall file with this Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage, and distribution facilities; and the location of the various water system properties of respondent, including, but not limited to, the location and identification of the several parcels of real property listed in the deed dated November 25, 1951, a copy of which was filed with the Commission on August 1, 1953, in compliance with ordering paragraph 5 of Decision No. 46373

dated November 6, 1951, in Application No. 32820.

9. On or before July 20, 1960, respondent shall report to the Commission the results of any measurements of any and all sources of water supply made heretofore during the year 1960. Beginning on July 16, 1960, and on the first and sixteenth days of each month thereafter, through July 1962, unless relieved of this requirement by further order of the Commission, respondent shall measure the flow or production of each well and spring (or combination of springs where it may be impractical to determine the flow of an individual spring), and also the amount of water storage in each tank and the total thereof, and shall render written reports to the Commission on or before the twentieth day of each month setting forth the results of the measurements made on the first and sixteenth days of that month.

IT IS FURTHER ORDERED that Case No. 6390 is hereby continued and that upon progressive compliance with the provisions of this order the Commission may issue such further order or orders, either ex parte or after further hearing, as it may find to be appropriate in the exercise of its jurisdiction.

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

Dated at San Francisco, California, this 20th day of June, 1960.

President

Commissioners