

RAILROAD COMMISSION
of the
STATE OF CALIFORNIA

Received
Oct. 28. 1914

Case No. 716

October 26, 1914.

Cuyamaca Water Company,
916 Eighth Street,
San Diego, Cal.

Gentlemen:

Enclosed please find copy of complaint filed October 26, 1914 by Fairmont Water Company against Cuyamaca Water Company. This copy is sent you in accordance with Rule 11, paragraph 6 of the Rules of Procedure of this Commission, whereby you shall be allowed 5 days within which to point out to the Commission, in writing, such defects in the complaint as, in your opinion, require amendment. At the expiration of the time allowed, kindly return this copy to us with your comments,

Formal service of the complaint will be made upon you at a later date.

Very truly yours,

RAILROAD COMMISSION OF THE STATE OF CALIFORNIA,

By (Signed) Charles R. Detrick
Secretary

HRK:ELN
enc

BEFORE THE RAILROAD COMMISSION OF THE STATE OF
CALIFORNIA.

FAIRMONT WATER COMPANY, Complainant)
vs)
CUYAMACA WATER COMPANY, Defendant)

FILED
Railroad Commission
ED. State of California

Oct. 26, 1914

CHARLES R. DETRICK
Sec.

The complaint of FAIRMONT WATER COMPANY, Case No. 716 Ex respectfully

shows:

1. That it, the said Fairmont Water Company, is a corporation organized under the laws of the State of California, and engaged in carrying on the public utility of purchasing water at wholesale rates from the defendant Cuyamaca Water Company, a corporation, the successor of James A. Murray and Ed. Fletcher, and of distributing the same through its distributing system to consumers within the city of East San Diego, County of San Diego, State of California. That, complainant as to such public utility is the successor to and grantee of the Pacific Building Company, a corporation. That the post office address of this complainant is corner of Fairmont and University Avenues, East San Diego, California.

2. That defendant Cuyamaca Water Company is a corporation duly organized under the laws of the State of California, and engaged in the business in the County of San Diego, State of California, of supplying water to its customers including this complainant. That the post office address of said defendant Cuyamaca Water Company is No. 916 Eighth Street, in the City of San Diego, State of California.

3. That the rates at which such water should be distributed to the consumers from the system of said Cuyamaca Water Company in connection with the distributing system of your complainant was fixed by decision No. 436, rendered in application No. 118, by

said Honorable Railroad Commission on March 28th, 1913, at page 65 thereof, as follows:

"(1) For domestic use 25 cents per thousand gallons, with a minimum charge of \$1.25 per month, the applicants to furnish meters and cost of installation of all facilities, the consumer to furnish pipes upon his own premises."

That upon application of the Pacific Building Company, the predecessor of your complainant, for an order apportioning said consumers' rates between the Pacific Building Company and said Murray and Fletcher, the said Honorable Railroad Commission rendered its decision No. 764, in which it made the following order, to-wit:

"That the rate at which the Guyanaca Water Company shall deliver water to the Pacific Building Company shall be eighteen (18) cents per thousand gallons up to a total consumption of 9.878 meters inches per annum, and that beyond that quantity no water shall be delivered without the further order of this commission, and the rate of eighteen (18) cents per thousand gallons is hereby fixed as the just and reasonable rate for this service."

4. And your complainant further shows that operating under said rates it has paid to the Guyanaca Water Company for water derived from its system and furnished by the complainant to its consumers for the year beginning July 1, 1913, and ending June 30, 1914, the sum of \$4657.25. That the present value, less depreciation, of its distributing system and other property used and useful in distributing said water to its consumers is \$16,594.60. That the depreciation of the same during said year is equal in amount to \$1016.60. That interest at the rate of 7% upon the value of said plant for said year is \$1161.60, and that the total operating expenses attributable to the operation of said plant during said year is \$2492.50. That the total of operating expenses, depreciation, interest and payment for water purchased from the Guyanaca Water Company during said year amounts to \$9327.95. That the total revenue derived from its consumers by complainant for water from the Guyanaca Water Company delivered for the year beginning July 1st, 1913, to June 30th, 1914, is the sum of \$7245.45 making the loss

for the years operation the sum of \$2082.50, of expenditures over receipts. That such loss per thousand gallons of water purchased from the Cuyamaca Water Company is 8.08 cents.

That your complainant represents that the wholesale rate of eighteen (18) cents per thousand gallons as before fixed by the Railroad Commission to be paid by your complainant for water wholesaled to it by ^{the} Cuyamaca Water Company, has proved to be excessive and confiscatory.

That your complainant and its predecessor in interest have during the past year put their distributing system under the supervision of the Railroad Commission in such condition as to obviate all complaints of consumers against its service.

WHEREFORE, your complainant prays that after due notice to the Cuyamaca Water Company, the rate to be paid to said Cuyamaca Water Company for water wholesaled to your complainant by said company be reduced from eighteen (18) cents per thousand gallons to ten (10) cents per thousand gallons.

Respectfully submitted,

FAIRMONT WATER COMPANY
A corporation, Complainant

By O. W. COTTON
Its president

Attest:

G. H. Frost
Its Secretary
(S E A L)

HAINES & HAINES
Attorneys for Complainant

Post office address of Fairmont Water Company, Fairmont and
University Avenues, East San Diego, California.

Post office address of Haines & Haines, 828 Timken Building,
San Diego, California.

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

} SS

O. W. COTTON, being first duly sworn, deposes and says: that he is the President of the Fairmont Water Company, the complainant named in the foregoing complaint; that he has read the said complaint and knows the contents thereof, and that the same is true, except as ^{to} the matters stated therein as on his information or belief, and as to those matters he believes it to be true.

O. W. COTTON

Subscribed and sworn to before me
this 20th day of October, 1914.

M. G. Rose
Notary Public in and for the County
of San Diego, State of California.

(SEAL)

AEF

Decision No. 2528

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.



(Copy)

FAIRMOUNT WATER COMPANY,
Complainant,

vs.

CUYAMACA WATER COMPANY, JAMES
A. MURRAY and ED FLETCHER,
Defendants

Case No. 716.

Haines & Haines for complainant.
Sweet, Stearns and Forward, by F. W. Stearns,
B. B. Robinson and A. E. Chandler, for defendants.

THELON, Commissioner.

O P I N I O N .

The amended complaint herein alleges in part that complainant is engaged in the business of purchasing water as a public utility at wholesale from the defendants and of distributing the same through complainant's distributing system to consumers in the City of East San Diego; that James A. Murray and Ed Fletcher, as co-partners, own and operate the public utility water system known as the Cuyamaca system; that the rates at which complainant is supplying water to its consumers are, for domestic use 25 cents per thousand gallons, with a minimum charge of \$1.25 per month, the complainant to furnish meters and cost of installation of all facilities and consumer to furnish pipes upon his own premises; that in Decision No. 764 rendered by the Railroad Commission on July 1, 1913, the rate to be paid by Pacific Building Company,

complainant's predecessor, for water supplied by the Guyanese Water Company, hereinafter referred to as the Guyanese Company, was established as 18 cents per thousand gallons up to a total consumption of 9,875 miner's inches per annum; that on August 18, 1914, the Railroad Commission rendered its Decision No. 1738 in Case No. 631, in which decision it was ordered that Guyanese Company established as rates to be charged to domestic water consumers in every instance where water is not delivered at the expense of the Company to the property line of the individual consumer, to-wit, minimum monthly payment during use, 75 cents, with a charge of 15 cents per thousand gallons when meters are installed; that said rates were made applicable, among other wholesale purchasers, to an associated group of consumers on the tract known as the Granada Park in the immediate vicinity of the tract served by complainant under substantially identical conditions under which complainant serves its water from the Guyanese Company; that no reason exists why complainant should pay 18 cents per thousand gallons while the Granada tract pays only 15 cents per thousand gallons; that complainant claims that the terms of said Decision No. 1738 apply to it and that under said decision the legal rate applicable to complainant since the effective date of said decision has been 15 cents and not 18 cents per thousand gallons; that complainant operating under said rate has incurred substantial losses in the year from July 1, 1913 to June 30, 1914; and that said rate of 18 cents per thousand gallons heretofore established by the Railroad Commission is excessive and confiscatory. The complainant asks that the Railroad Commission reduce the rate to be paid by it for water to the Guyanese Company from 18 cents to 9.92 cents per thousand gallons and that it be determined that the complainant became entitled to the benefit of the rate of

15 cents per thousand gallons from and after August 27, 1915.

Defendants deny that the rate of 15 cents per thousand gallons charged by them to complainant is an excessive or unreasonable rate.

This case was consolidated for hearing with the other so-called Guyanese proceedings, being Application No. 1231, Application No. 1432, Application No. 1482, supplemental Petition in Application No. 118 and Case No. 724, in all of which proceedings decisions are this day being rendered.

This case presents three issues as follows:

1. The reasonableness of the rate.
2. The proper interpretation of this Commission's

Decision No. 1738, rendered on August 19, 1914, in Case No. 651.

3. Discrimination in charges.

In order to determine the issue as to the reasonableness of the rate per se it will be necessary to consider the entire operations of the Guyanese Company. In the decision this day being rendered in Application No. 1231, being the application of the Guyanese Company for authority to increase its rates, the Commission points out why it is inadvisable at the present time to pass upon the request for an increase in rates. Attention is drawn in said decision to the fact that the property is about to be acquired by a public authority and also that the Guyanese Company has not as yet shown by practical demonstration that it is now able to meet fully the requirements of its consumers. It is provided in said decision that the question of the reasonableness of the rates shall be left in abeyance until at least November 15, 1915. The Commission could not decide the issue of the reasonableness of the rate charged to the complainant herein unless it went into the entire matter which is to be held in abeyance.

With reference to the issue as to the proper interpretation of the Commission's Decision No. 1758 in Case No. 651, rendered on August 18, 1914, I find that the complainant's contention is correct. While it is true that the order recites that the rates to be charged by the Guyanese Company to the Fairmont Water Company had theretofore been established by the Commission, the Guyanese Company is directed to establish the following rates for domestic water consumers as defined by Rule 8:

"In every instance where water is not delivered at the expense of the company to the property line of the individual consumer, to-wit, minimum monthly payment during use, 75 cents."

"When meters are installed, per one thousand gallons, 15¢."

The opinion in that proceeding shows that the higher rates theretofore established for the Guyanese Company for domestic consumers were to be charged only where the Guyanese Company delivered water to the consumers through its own distribution system. In the present case the Fairmont Water Company is under the necessity of using its own distribution system for the purpose of delivering to its consumers the water purchased from the Guyanese Company. The Guyanese Company does not deliver water to the property line of the individual consumers under the system of Fairmont Water Company but delivers the water from its mains directly to Fairmont Water Company without the intervention of any distributing system.

The decision in said Case No. 651 provides that the rates therein established should be considered to apply upon and after July 1, 1914, and that all payments made or to be made for the use of water during the intervening period should be adjusted accordingly. This date was later extended to August 27, 1914. I find that the rate of 15 cents per thousand gallons, when meters are installed,

to be charged for domestic water applies to Fairmount Water Company, and that the Company is entitled to recover from the Cuyamaca Company all excess amounts paid for water sold subsequent to August 27, 1914.

Entirely apart from the question of the proper interpretation of this Commission's decision in Case No. 631, the Fairmount Water Company would be entitled to a recovery on the issue of discrimination. The evidence shows that water is being sold by the Cuyamaca Company for domestic use to the Granada tract at 15 cents per one thousand gallons; that the Granada tract is situated in the immediate vicinity of the meter through which the Fairmount Water Company receives its water from the Cuyamaca Company; and that the Granada tract is substantially in the same condition as the tract supplied with water by Fairmount Water Company, in so far as affects service from the Cuyamaca Company. The Fairmount Water Company has established a clear case of discrimination. The delivery of water by the Cuyamaca Company to the City of San Diego, at 10 cents per thousand gallons, further relied upon by Fairmount Water Company in proof of its claim of discrimination is not comparable with the delivery of water to Fairmount Water Company for the reason that the City of San Diego is receiving only surplus flood waters, while the Cuyamaca Company is under obligation of supplying water to Fairmount Water Company throughout the entire year entirely irrespective of surplus flood waters.

I find that Cuyamaca Water Company should be directed to re-imburse Fairmount Water Company for all moneys paid for water delivered subsequent to August 27, 1914, in excess of 15 cents per thousand gallons, and also that the legal rate to be henceforth charged by the Cuyamaca Company for water sold to Fairmount Water Company is 15 cents per thousand gallons.

I submit herewith the following form of order:

ORDER.

A public hearing having been held in the above entitled matter, and the Railroad Commission being fully advised in the premises,

IT IS HEREBY ORDERED THAT Guyanaca Water Company repay to Fairmount Water Company all moneys collected for the sale of water delivered subsequent to August 27, 1914, at a rate in excess of 15 cents per thousand gallons, and that the rate to be henceforth charged by Guyanaca Company for water sold to Fairmount Water Company shall be 15 cents per thousand gallons.

In all other respects the above entitled complaint is hereby dismissed without prejudice.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 26th day of June 1915.

MAX THURLEN

H. D. LOVELAND

ALEX. GORDON

EDWIN O. EDGERTON

FRANK R. DEVLIN

Commissioners

A TRUE COPY

H. C. Mathewson,
Assistant Secretary
Railroad Commission
State of California.

Ed Fletcher Papers

1870-1955

MSS.81

Box: 57 Folder: 7

Business Records - Water Companies - Cuyamaca Water Company - State Railroad Commission - Case #716, Decision #2528, re complaint of the Fairmont Water Company



Copyright: UC Regents

Use: This work is available from the UC San Diego Libraries. This digital copy of the work is intended to support research, teaching, and private study.

Constraints: This work is protected by the U.S. Copyright Law (Title 17, U.S.C.). Use of this work beyond that allowed by "fair use" requires written permission of the UC Regents. Permission may be obtained from the UC San Diego Libraries department having custody of the work (<http://libraries.ucsd.edu/collections/mscl/>). Responsibility for obtaining permissions and any use and distribution of this work rests exclusively with the user and not the UC San Diego Libraries.