

Decision No. 22827

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of an Application
of MAX HANNUM, for Certificate
of Public Convenience and for
Fixing rates to be charged for
water service rendered in Walnut
Grove, Sacramento County, Calif.

Application No. 22827

Max Hannum, for Applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this proceeding Max Hannum asks the Railroad Commission for a certificate of public convenience and necessity authorizing him to serve water for domestic and other purposes to the inhabitants of a certain subdivision known as the Clampett Tract in the unincorporated community of Walnut Grove in Sacramento County, California. A request is also made for the establishment of a schedule of rates covering charges for such service.

A public hearing in this matter was held before Examiner M. R. MacKall at Walnut Grove.

The Clampett Tract is located on the westerly side of the Sacramento River a short distance north of the highway draw-bridge crossing the River at Walnut Grove, being in Swamp Land Survey Number 306, as per plat filed in the office of the County Recorder of the County of Sacramento, on the 24th day of December, 1924. This tract, having a width of about 900 feet measured along the West Sacramento River Highway upon which it fronts and an average depth of approximately 1350 feet, is subdivided into 106

lots, more or less, and the streets are all well paved with macadam, bordered by concrete curbs and cement sidewalks.

Water service to residents in Clampett Tract was begun by applicant in 1926 as an accommodation to his neighbors. As more houses were built, the water plant was enlarged and improved to keep pace with developments until now there are between 45 and 50 consumers being served by the system. The water supply is obtained from three drilled wells, two being 90 feet deep and the third being 140 feet deep, from which water is pumped by two centrifugal pumping units driven by $7\frac{1}{2}$ H.P. and 5 H.P. electric motors into three pressure storage tanks having a combined capacity of about 5,000 gallons. Water is delivered at a pressure between 35 and 50 pounds per square inch into the distribution system consisting of nearly 4,000 feet of piping ranging from 4 inches to $1\frac{1}{2}$ inches in diameter. There are nine $1\frac{1}{2}$ " wharf type fire hydrants at various locations throughout the tract.

By Ordinance No. 271 dated March 31, 1939, the Sacramento County Board of Supervisors granted to Max Hannum a franchise to lay, place, construct and maintain under, through, upon and across any and all of the county roads, highways, and streets in Clampett Tract all pipe lines necessary for distribution of water in the said area. The application states that no person, firm, or corporation other than the applicant has been granted a franchise to serve water in this tract.

From the evidence submitted it appears that the existing water supply system now serves the subdivision known as Clampett Tract with an adequate domestic water supply, and that applicant is financially able to make additions and improvements as needed to meet the requirements of this steadily growing community. No other domestic supply system serves the area proposed to be served nor is

there any presently existing means of supplying water to said area except the system now owned by applicant. In the operation of said system applicant will compete with no person, firm or corporation in serving this area with water.

At the hearing a report was presented by E. R. Foster, one of the Commission's hydraulic engineers, showing an appraisal of the properties totalling \$5,622 on the basis of the estimated original cost as of August 31, 1939, with a corresponding depreciation annuity of \$116 computed by the 5% sinking fund method. The report also contains an estimate of the reasonable maintenance and operation expenses for the immediate future amounting to \$1,025 per year. Furthermore, it is estimated that the total annual revenues which will be derived from the sale of water during the next few years, based on rates now being charged, will average about \$1500, representing a net return of 6.4% on the capital investment.

Applicant testified that he has no present desire or intention of installing meters and desires the Commission to authorize the same flat rates now being charged which are \$2.00 per month for small users and \$2.50 per month for all others. He further stated that he wishes the certificate of public convenience and necessity to define the area to be served as the Clampett Tract only.

The consumers present at the hearing indicated their satisfaction with the service being rendered and no protest was made against the approval of applicant's request. The rates heretofore charged for water supplied by applicant are similar to those in effect on other systems operating under similar circumstances and it appears that the rates should be fair and reasonable to both consumer and utility for the service rendered, and that the

application should be approved.

O R D E R

Application having been filed with the Railroad Commission as entitled above, a public hearing having been held thereon, the matter having been duly submitted, and the Commission now being fully advised in the premises,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation of a water system by Max Hannum in that certain subdivision of land more particularly described as the Clampett Tract in the unincorporated community of Walnut Grove in Sacramento County, located on the westerly side of the Sacramento River a short distance north of the highway drawbridge crossing the River at Walnut Grove, being in Swamp Land Survey Number 306, as per plat filed in the office of the County Recorder of the County of Sacramento on the 24th day of December, 1924.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Max Hannum to operate a public utility for the sale and distribution of water within the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED that said Max Hannum be and he is hereby authorized and directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water service rendered subsequent to the 30th day of September, 1939:

RATE SCHEDULE

FLAT RATES

Due and payable in advance:	<u>Per Month</u>
For each residence or business establishment, minimum rate	\$2.00
For each residence with lawns and/or gardens, trees, shrubs, etc.	\$2.50

IT IS HEREBY FURTHER ORDERED that within thirty (30) days from and after the date of this Order, said Max Hannum be and he is directed to submit to this Commission for its approval rules and regulations governing relations with his consumers.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective only upon the filing by said Max Hannum with this Commission of an affidavit to the effect that he will never claim before this Commission or any other public body an amount for his county franchise and for the certificate of public convenience granted herein in excess of the actual cost of acquiring them.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

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 Los Angeles, California, this 26th day of Sept, 1939.

Paul W. H. H. H.
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Paul W. H. H.
Justus F. Craven
COMMISSIONERS.