

Decision No. 22727  
 BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF LORETO MEGNA FOR "CERTIFICATE OF CONVENIENCE AND NECESSITY."	Application No. 22727
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Ward & Sutton, by Matthew Ward, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Loreto Megna asks the Railroad Commission for a certificate of public convenience and necessity authorizing him to serve water for domestic purposes to the inhabitants of a certain portion of a subdivision of land known as the Tregallas Tract in Contra Costa 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 Pittsburg.

The Tregallas Tract is located in the northwest quarter of Section 30, Township 2 North, Range 2 East, M.D.B.&M., and about one mile southeast of the City of Antioch. The proposed service area, comprising approximately 30 acres, includes only Lots 2, 3, 4 and 10 of Tregallas Tract, as delineated upon that certain map filed January 14, 1924, in Map Book 18, pages 433 and 434, in the office of the County Recorder of the County of Contra Costa.

In 1920 applicant drilled a well 150 feet deep on Lot 4 and had installed a pump, pipe line and two 10,000-gallon storage tanks to deliver water for his own use on Lots 4 and 10 of said tract. In 1931 Lot 10 was subdivided and sold in one-acre and half-acre parcels and water was first delivered from applicant's

water system to the purchasers of these parcels in 1932. Subsequent to this time the property owners in adjacent Lots 2 and 3 of the tract requested water service from applicant and were connected to his distribution system. There are now about 37 consumers served through approximately 3,025 feet of distribution mains ranging from 1½ inches to 4 inches in diameter, the major portion of them being reconditioned steel pipe 1½ inches and 2 inches in diameter. Although there are now no meters on the system Mr. Megna contemplates installing them on all services. He has been charging most of his consumers for water at the rate of \$2.50 per month during the summer and \$2.00 per month during the winter, although there are several consumers who have been paying at special rates ranging from \$1.00 per month in one instance to \$5.00 per month for one service connection to three houses.

A report was submitted by E. W. Stevenot, one of the Commission's hydraulic engineers, in which the original cost of the utility properties was estimated to be \$3,383 as of August 21, 1939, with a corresponding depreciation annuity of \$59 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 \$615 per year. Under the rates heretofore charged for water, it is estimated that the total annual revenue from the present number of consumers would be about \$925, representing a net return of 7.4% on the invested capital.

The proposed schedule of meter rates shown in Exhibit "B" attached to the application appears to be unreasonably high under present operating methods and service conditions. Furthermore, it should be noted that the service area of this utility

is now in its early development stages and shows a rapid and healthy growth, indicating a quite fully settled area in the not too distant future. Under such circumstances the rates fixed in the following Order will provide for a reasonable return upon the investment over and above proper and normal operating costs, including depreciation and they compare favorably with rates of public utilities operating under like circumstances and similar conditions in the same general vicinity.

While the installation of meters as contemplated undoubtedly will reduce the waste and careless use of water with some slight resultant improvement in pressure conditions, yet it is very apparent that the small size of the mains, together with the lack of high elevated storage, have resulted in most unsatisfactory pressure conditions and in serious deficiency in sustained delivery capacity in a considerable portion of the service area. The existing small mains make it impossible to supply adequate water at reasonable operating pressures during periods of peak load demands. Conditions will grow steadily worse with the increase of consumers. To overcome this difficulty it will be necessary to install, without delay, a pipe line not less than 3 inches in diameter from the storage tanks south along Lincoln Lane to County Road No. 2, thence west along the county road to Sunset Lane and thence north along that lane at least 300 feet. The existing main in Sunset Lane must also be extended northerly, using pipe of not less than 3 inches inside diameter, to connect with the existing main along the county road at the north end of the tract. The installation of these mains at an estimated cost of approximately \$700.00 should result in vastly improved water pressure and delivery capacity and will eliminate several existing dead ends. The certificate granted in the following Order will be made contingent upon the installa-

tion of such improvements within a reasonable time, such time appearing to be not later than the first day of September 1940. It is further recommended that as soon as may be practicable all existing mains less than 2 inches in diameter be replaced with pipes of larger size and that in the future no mains should be installed having an inside diameter of less than 2 inches.

From the evidence submitted it appears that no other water utility exists in 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 and that applicant is financially able to make additions and improvements as needed to meet the requirements of this steadily growing community. In the operation of said system applicant will compete with no person, firm or corporation in serving this area with water. No protest was made against the approval of applicant's request except as to pressure conditions and it appears to be for the best interest of the public that a certificate of public convenience and necessity be granted.

#### O R D E R

Application as entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission being now 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 Loreto Megna in Lots Two (2), Three (3), Four (4) and Ten (10) of that certain subdivision of land more particularly described as the Tregallas Tract located in the northwest quarter of Section 30, Township 2 North, Range 2 East, M.D.B.&M., about one mile southeasterly of the City of Antioch in

Contra Costa County, as shown on the map marked Exhibit No. 1 which is hereby made a part of this Order by reference, and as delineated upon that certain map entitled "Map of Tregallas Tract" filed January 14, 1924, in map book 18, pages 433 and 434, in the office of the County Recorder of the County of Contra Costa, California.

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

IT IS HEREBY FURTHER ORDERED as follows:

1. That Loreto Megna 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 to his consumers subsequent to the 30<sup>th</sup> day of November, 1939:

RATE SCHEDULE

FLAT RATES

- |  |        |
|--|--------|
| (1) For each residence, per month  | \$2.00 |
| (2) For each additional residence on same premises, occupied by a separate family, per month | 1.50   |

METER RATES

Monthly Minimum Charges

For 5/8" or 3/4" meter	1.75
For 1" meter	2.50
For 1 1/2" meter	3.75
For 2" meter	5.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates:"

Monthly Quantity Rates

For	500 cubic feet, or less	\$1.75
Next	500 cubic feet, per 100 cubic feet	.25
Next	4,000 cubic feet, per 100 cubic feet	.20
All Over	5,000 cubic feet, per 100 cubic feet	.15

Meters may be installed at the option of either the utility or the consumer; the cost of the meter and its installation is to be borne by the utility in either case.

2. That Loreto Megna be and he is hereby directed to submit within thirty (30) days from the date of this Order rules and regulations governing relations with his consumers to become effective only upon approval by this Commission.
3. That the authority herein granted shall become effective only upon the filing by said Loreto Megna 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 the certificate of public convenience and necessity granted herein, or for any county or other franchise heretofore or hereafter to be acquired, in excess of the actual cost of acquiring them.
4. That the certificate of public convenience and necessity herein granted shall terminate on the first day of September, 1940, unless applicant shall install or cause to be installed on or before said date a pipe line not less than 3 inches in diameter from the existing storage tanks located on Lot 3 south along Lincoln Lane to County Road No. 2, thence west along the county road to Sunset Lane, and thence north along that lane at least 300 feet; and also a pipe line not less than 3 inches in diameter extending northerly from the existing main in Sunset Lane and connecting with the existing main along the county road at the north end of the tract.

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

Dated at San Francisco, California, this 14<sup>th</sup> day of November, 1939.

Raymond W. Brown  
Frank W. Brown  
John H. Kelly  
John H. Kelly  
Justus D. Cullen  
Commissioners.