

Decision No. 32789

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
HIGHLAND MANOR WATER COMPANY, a
corporation, for order authorizing
issue of stock and fixing water
rates, and for a Certificate of
Public Convenience and Necessity.

Application No. 23050.

Britten & Mack by Henry C. Mack, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding, Highland Manor Water Company, a corporation, asks for a certificate of public convenience and necessity to operate a water works in Highland Manor, Tract 1090, in Kern County, and for the establishment of rates. Authority also is asked to issue 15,000 shares of its capital stock of the aggregate par value of \$15,000 to finance the project.

A public hearing in this matter was held before Examiner Stava at Bakersfield.

Highland Manor, Tract No. 1090, has an area of 40 acres subdivided into 149 lots situate northwesterly of Oildale and approximately five miles north of Bakersfield.

The existing water system, constructed by the subdivider, Sam Orloff, consists of a 620 foot drilled well, a deep well turbine pump driven by a 60-horsepower electric motor, a 12,500-gallon pressure tank and 3,840 feet of distribution mains, ranging from six

inches to two inches in diameter. There are now in place five wharf-type fire hydrants and 82 service connections. An additional 3,000 feet of mains will be laid immediately to complete the distribution system. Tests made at the well and at the fire hydrants indicate that the water supply and facilities are of sufficient capacity to meet the system demands.

The original cost of the system as of December 21, 1939, is \$10,365. An additional investment of about \$3,200 will be required to complete the installation of distribution mains. The depreciation annuity, including due allowance for the new construction is estimated to be \$225 computed by the sinking fund method at 5%.

To finance the cost of the water system the company proposes to issue \$15,000 par value of its common stock. Of this amount it plans to deliver \$10,500 in payment for the properties now comprising the system and to sell the remaining \$4,500 at par for cash to pay for that portion of the system yet to be constructed and to provide working capital. The record indicates that the entire stock issue will be divided in equal proportions and held by Maurice Orloff, Louis Orloff and Frank Orloff.

The proposed flat rates, set forth in Exhibit "F" attached to the application and which the Commission is asked to approve, are similar to the rates charged by the Oildale Mutual Water Company and the Highland Park Water District, both mutual companies, operating in and near the Town of Oildale. At the hearing applicant asked the Commission to establish also a schedule of meter rates. The California Division of Forestry provides fire protection in and in the vicinity of Highland Manor and while it may use this system's water supply and hydrants, it is not authorized to make any payments

therefor. There will be, under such circumstances, no direct source of revenue from fire hydrants and for this reason no rates were asked to be established for fire protection service at this time.

Certain alleys and rights of way in the subdivision have been reserved and are available to this applicant for public utility uses. The streets in this Tract have been accepted by the County of Kern and dedicated to the public use. Permission has been obtained from the Board of Supervisors of said County to lay and maintain water pipes and mains in, on, over and across all such dedicated streets and roadways in the subdivision.

No protest was made against the granting of the certificate and as no other utility is furnishing water service in this area, it is apparent that public interest will require the granting of the authority sought.

The schedule of rates fixed in the following Order is similar and reasonably comparable to the schedules in effect on other such water works operating in the general vicinity of Bakersfield and Oildale, and this schedule appears at this time to be just and reasonable for the service to be rendered.

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 being now fully advised in the premises:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the construction and operation of a water system by Highland Manor Water Company, a corporation, in Highland Manor, Tract 1090, being a portion of the SW-1/4 of the SW-1/4 of Section 6, Township 29 South, Range 28 East, M.D.B. & M., Kern County.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Highland Manor Water Company, a corporation, to operate a public utility for the sale and distribution of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that Highland Manor Water Company, a corporation, be and it is hereby directed to file with this Commission, within thirty (30) days from the date in this Order, the following schedule of rates to be charged for all water service to be rendered to its consumers subsequent to the 29th day of February, 1940:

Rate Schedules

<u>Flat Rates</u>	<u>Per Month</u>
For each dwelling, house, flat or apartment of six rooms or less and bathroom, on a lot of fifty-six (56) feet or less front footage, including reasonable and necessary quantities of water for watering lawns, gardens, shrubbery and trees,.....	\$2.00
For each dwelling, house, flat or apartment of more than six rooms, for each additional room,.....	.10
For watering lawns, trees and gardens when lots exceed a 56 foot frontage, per front foot of lot,...	.015
For restaurants and eating houses,.....	\$2.00 to \$8.00
For soft drink parlors,.....	3.00
For bakeries,.....	\$3.00 to \$6.00
For drug stores,.....	\$3.00 to \$5.00
For public halls or lodge rooms,.....	1.50
For church buildings,.....	1.50
For stores, general,.....	1.50
For each public garage or service station,.....	\$1.50 to \$3.00
For window box type air cooler, to be charged during months of use which will be considered as the months of June, July, August and September, inclusive, except where the consumer notifies the company of the months during the above period in which the unit will not be in service, provided the unit is disconnected during such months, subject to inspection by company representatives,	
Circulating type.....	.20
Noncirculating type.....	.40

Rate Schedules (Cont'd)

Meter Rates

<u>Monthly Minimum Charges</u>	<u>Per Month</u>
For 5/8 inch x 3/4 inch meter.....	\$2.00
For 3/4 inch meter.....	2.50
For 1 inch meter.....	3.00
For 1 1/2 inch meter.....	4.00
For 2 inch 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 first 1,000 cubic feet, per 100 cubic feet..	.20
1,000 to 5,000 cubic feet, per 100 cubic feet..	.15
Over 5,000 cubic feet, per 100 cubic feet..	.10

IT IS HEREBY FURTHER ORDERED that Highland Manor Water Company, a corporation, be and it is hereby directed to submit within thirty (30) days from the date of this Order rules and regulations governing relations with its consumers, to become effective only upon approval by this Commission.

IT IS HEREBY FURTHER ORDERED that Highland Manor Water Company be and it is hereby authorized to issue at par, on or before June 30, 1940, not exceeding \$15,000 par value of its common stock and to deliver \$10,500 of such stock in payment for the water system, referred to in the foregoing Opinion, heretofore constructed, and to sell the remaining \$4,500 of such stock for the purpose of financing the cost, estimated at \$3,190, necessary to complete the water system and of paying organization expenses and of providing working capital, it being the opinion of the Commission that the money, property or labor to be procured or

paid for through the issue of said stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

IT IS HEREBY FURTHER ORDERED that Highland Manor Water Company shall file monthly reports, as required by the Commission's General Order No. 24-A, of the issue of the stock herein authorized and of the disposition of the proceeds.

For all other purposes the Order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco California, this 16th day of February, 1940.

Ray L. Coley
Frank R. Dutton
H. B. Hall
Justus F. Quenen
COMMISSIONERS.