

Decision No. 40817

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
HENRY SMITH, for a Certificate of
Public Convenience and Necessity
to operate a public utility water
system; and to establish rates for
water service in the unincorporated
area described as East Mendota.

Application 28535

ORIGINAL

Crossland and Crossland, by
Robert S. Crossland, for Applicant.

O P I N I O N

Henry Smith, engaged in the business of supplying water to domestic and commercial consumers in certain unincorporated territory known as East Mendota in Fresno County, asks the Commission to grant him a certificate of public convenience and necessity to operate a public utility water system in this area which consists of approximately 60 acres.

A public hearing in this matter was held at Mendota.

The townsite of Mendota was originally laid out and subdivided in 1891 and included land on both sides of the Southern Pacific Railroad. That portion of the land located southwest of the tracks, recently incorporated, is now supplied with water from the municipally operated system and is not included in the service area requested by applicant.

About 1940 Mr. Smith acquired that portion of the original town of Mendota which lies northeast of the railroad tracks. Of more than 500 lots in this section, he has sold about 200 for home and business sites. From a 5-inch well which he had drilled on Lot 20 of Block 17 for his own use, Mr. Smith began serving water to his neighbors. By 1946 the number being supplied necessitated the replacement of the original pump and motor with a 1-horsepower unit.

Also in 1946 a 12-inch well, 510 feet deep, was drilled on Lot 13, Block 17 for the purpose of supplying water to all the lots in this tract and also for use in irrigating approximately fifty adjoining acres privately owned by Mr. Smith. This well was equipped with two pumps, a deep-well turbine pump driven by a 10-horsepower electric motor and a jet-type pump with a 3-horsepower electric motor. The large pump will not be required for supplying domestic or commercial water until many more consumers request service. At the present time there are about 30 customers being served through approximately 6,100 feet of mains, varying in size from 1 to 2½ inches in diameter. Water from the small well is pumped into a 550-gallon steel pressure tank and water from the large well is pumped into a 2,500-gallon steel pressure tank. Either or both of these pumping units can be used on the system, however, the small unit is now being used only for standby service.

The rates being charged at present and requested by applicant to be authorized by the Commission are as follows:

PROPOSED RATES

	<u>Per Month</u>
1. Dwelling houses	\$2.50
2. House trailer or tent when used as a dwelling	1.00
3. Places of business or any commercial or industrial use	5.00

"All rates include the right to irrigate or water for purposes of garden or lawn an area of not more than 400 square feet. Use of water to irrigate or water areas of each additional 400 square feet, or fraction thereof, take an additional charge for each such area of 40 cents."

Applicant testified that before installing his wells he had requested water service from the Mendota Public Utility District, predecessor of the municipal system now serving Mendota proper, but that organization refused to extend service into the East Mendota area. He further testified that the original cost of the water system was as follows:

Two wells	\$ 8,000
Water tanks	1,000
Three pumps	2,250
Pipe lines	2,000
Total Capital Investment	\$13,250

In a report presented by Mr. J. D. Reader, one of the Commission's engineers, he estimated the amount of fixed capital useful to the operation of the system to be as follows:

Organization Costs	\$ 394.00
Lands and Rights of Way	100.00
Wells	4,487.00
Pumping Equipment	900.00
Distribution Mains	2,337.50
Distribution Tanks	905.00
Services	478.50
	<u>\$9,602.00</u>

The large difference between the figures presented by Mr. Reader and those by Mr. Smith is due mainly to the fact that the cost of the large pump and 10-horsepower motor, included by applicant as a part of his investment in the water system, was not included by Mr. Reader since the system will not require the output of this large pump until some future time when there may be many additional customers. Also the cost of the wells, as shown by Mr. Smith, is high as he has included the value of the land and the cost of another 12-inch well which had to be abandoned.

The Commission's witness also estimated the revenues and expenses for 1947 at \$720 and \$767, respectively. These figures show a net loss of \$47 for 1947. The net revenue for the year 1948 was estimated at \$356, assuming that the system continues to grow at the rate of about 18 customers during that year; the estimated rate of return for 1948 would then amount to 3.44 per cent on the investment.

The rates requested by applicant are generally the same as those charged by the City of Mendota Water Department, however, the schedules established in the following Order will include additions and adjustments to the proposed flat rate schedule and also a meter rate for use on commercial services where flat rates are not applicable or whenever a meter may be desired to be installed on any service at the option of either the utility or the customer.

The Board of Supervisors of Fresno County, on June 10, 1947, by Ordinance No. 367, granted applicant a 50-year franchise to construct, maintain and operate pipe lines in connection with the operation of a public utility water

system, in, along and under the roads and streets within the territory herein sought to be served.

No other public utility water system operates in this territory. The evidence indicates that public convenience and necessity require the granting of the authority sought.

The certificate of public convenience and necessity granted herein is subject to the following provision of law:

"That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right."

O R D E R

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

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require, and will require, the operation of a public utility water system by Henry Smith in the unincorporated portion of Mendota, Fresno County, as indicated on a map filed as Exhibit B in the application herein, which map is hereby made a part of this Order by reference.

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it is hereby granted to Henry Smith to operate a public utility for the distribution and sale of water in the territory hereinbefore described.
2. That Henry Smith is hereby authorized and directed to file in quadruplicate with this Commission, within thirty (30) days from the date of this Order, in conformity with the Commission's General Order No. 96, the following schedules of rates to be charged for water service rendered to his customers, which schedules of rates are hereby found to be just and reasonable for the service to be rendered.

Schedule No. 1

FLAT RATES

Applicability:

Applicable to all unmeasured water service.

Territory:

In the unincorporated portion of the original townsite of Mendota, Fresno County.

Rates:

Per Month

For single family dwelling to include the irrigation of 1,000 square feet of garden	\$2.50
For service to house trailer or tent, when used as dwelling, not including any irrigated area	1.00
For area irrigated in addition to that included with above dwelling or house trailer rates during the months May to October, inclusive, per 100 square feet06
For each water cooler without circulating system, additional charge during months of use50
For each water cooler with circulating system, additional charge during months of use25
For each additional house or apartment served through a single service	1.00
For additional cabins or tents, not equipped with water facilities, when occupied50
For commercial or industrial purposes, according to water use, to be determined by meter and not to exceed the meter rates as herein established.	

Schedule No. 2

METER RATES

Applicability:

Applicable to all measured water service.

Territory:

In the unincorporated portion of the original townsite of Mendota, Fresno County.

Schedule No. 2 - Continued

METER RATES

Rates:

Per Meter
Per Month

Minimum Charge:

5/8-inch meter	\$1.75
3/4-inch meter	2.50
1-inch meter	4.00
1 1/2-inch meter	6.00
2-inch meter	10.00

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

Quantity Rates:

First 500 cubic feet, or less	\$1.75
Next 1,500 cubic feet, per 100 cubic feet25
Next 2,000 cubic feet, per 100 cubic feet20
Next 6,000 cubic feet, per 100 cubic feet15
Over 10,000 cubic feet, per 100 cubic feet10

3. That Henry Smith, within thirty (30) days after the effective date of this Order, shall file four sets of rules and regulations governing relations with his consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8 1/2 x 11 inches in size, indicating thereon the service area and the location thereof with reference to the surrounding territory; provided, however, that such map or sketch shall not be construed as a final determination or establishment, in whole or in part, of the dedicated area of service
4. That Henry Smith, within sixty (60) days after the effective date of this Order, shall file four copies of a comprehensive map or sketch, drawn to an indicated scale of not less than 400 feet to the inch, delineating correctly thereon by appropriate markings the various tracts of land in the territory served. Such a map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service; provided, however, that such filing shall not be construed as a final determination or establishment, in whole or in part, of the dedicated area of service.

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 Public Utilities Commission of the State of California.~~

Dated at San Francisco, California, this 10th day of October, 1947.

Harold P. Kule

Justin F. Caceres

W. H. Russell

R. J. [Signature]

Commissioners.