

Decision No. 41008

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 WILLIAM OSTERBERG  
 for a Certificate of Public Convenience  
 and Necessity and an Order Fixing Rates,  
 or in the Alternative for an Order Pre-  
 liminary to the Issuance of such Certificate,  
 as to Certain Property.

Application No. 28407

Sherrill Halbert, for applicant.  
G. H. Bartley, for customers.

O P I N I O N

William Osterberg, engaged in the business of operating a domestic water system, asks the Commission to grant him a certificate of public convenience and necessity to supply water for domestic and commercial purposes in a subdivided area approximately one-quarter of a mile southerly from the south boundary of the City of Modesto, Stanislaus County. The Commission is also asked to approve flat and meter charges for the service rendered. The flat rate schedule provides for a monthly charge of \$1.75 for a 1/2-inch service connection, \$2.30 per month for a 3/4-inch service connection, and \$3.10 per month for one-inch service connection. The meter rates provide for a monthly minimum charge of \$1.50 with an allowance of 2,000 cubic feet of water. The charges for excess use are reduced through two blocks to four cents per 100 cubic feet for quantities over 5,000 cubic feet.

A public hearing in this proceeding was held before Examiner Stava at Modesto.

The area for which a certificate is requested comprises approximately 125 acres. This territory consists of eight parcels of land of which six have been subdivided into approximately 500 lots. The remaining two parcels consist of Shackelford School building and grounds of the Modesto School District and a stockyard, each of which are customers of the water system.

The water supply is obtained from three 12-inch drilled wells, averaging 131 feet in depth. The wells are equipped with electrically-driven deep-well turbine pumps, delivering water into four 2,000-gallon, automatically controlled pressure tanks. The distribution system consists of 21,254 feet of pipe lines varying from 6 to 1½ inches in diameter. There are 381 customers being served, all supplied at flat rates.

Mr. William Osterberg testified that the material for the system cost between \$15,000 and \$16,000, but he had no record of the cost of labor or use of equipment for drilling wells and installing pipe lines. He stated that he is engaged in the business of drilling and developing wells and all labor in constructing and operating the system is performed by himself and his brothers, but the costs were not recorded. Mr. Osterberg further testified that he commenced the installation and operation of the system during the spring of 1940 and completed it this fall. He stated that the flat rates being charged for the service rendered, and the rates requested in the application are similar to the rates in effect on other public utility systems in the vicinity of the City of Modesto.

Applicant testified that past experience has proven 1/2-inch service connections to be too small to render satisfactory service. He, therefore, asks authority to discontinue the installation of this size service, with the provision, however, that the present monthly charge of \$1.75, for 1/2-inch services already installed, remain in effect.

Mr. D. L. Duncan, one of the Commission's hydraulic engineers, presented a report covering an investigation of the system and accounts and an appraisal of the physical properties. The report showed the estimated historic cost of the system to be \$36,591 and the depreciation annuity computed by the 5% sinking fund method as \$885. The actual revenue for the twelve-month period ending September 30, 1947, totalled \$9,668, and the maintenance and operation expense for the same period was estimated at \$7,408, leaving a net revenue of \$2,260 and resulting in a return of 6.1% on the estimated cost of the system.

The record shows that the streets and roads in the subdivided sections of the service area have been accepted by the county authorities and that the Board

of Supervisors of Stanislaus County on July 7, 1947, duly passed a resolution granting William Osterberg permission and franchise to maintain, use, repair and replace water mains in, across and under the public roads, highways and alleys within the subdivided tracts comprising the service area herein involved.

No other public water utility serves this area and no one protested the granting of the certificate or the establishment of the requested rates. Under the circumstances it appears to be in the public interest to grant the authority sought herein.

The certificate of public convenience and necessity granted herein is subject to the following provisions 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 construction, maintenance and operation of a public utility water system by William Osterberg in the 125-acre territory located approximately one-quarter mile southerly from the south city limits of the City of Modesto, in Stanislaus County, and more particularly delineated upon the map, marked Exhibit No. 4, attached to the application, which map is made a part of this Order by reference.

#### IT IS HEREBY ORDERED

1. That a certificate of public convenience and necessity be and it is hereby granted to William Osterberg to construct, maintain and operate a public utility for the distribution and sale of water within the territory hereinabove described;

2. That William Osterberg be and he is hereby authorized and directed to file in quadruplicate, in conformity with this Commission's General Order No. 96, 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 on and after the 1st day of January, 1948, which schedule of rates is hereby found to be just and reasonable for the service to be rendered:

Schedule No. 1

MONTHLY FLAT RATES

Applicability:

Applicable to all domestic, commercial and industrial use of water.

Territory:

In 8 parcels of land having a combined area of 125 acres, located approximately 1/4 mile south of the southerly city limits of the City of Modesto, Stanislaus County.

Rates:

|  | <u>Per Month</u> |
|--|------------------|
| For water used in one dwelling, apartment, store or industry or other single unit establishment the charges shall be as follows: |                  |
| For 1/2-inch service connection.....   | \$1.75*          |
| For 3/4-inch service connection.....   | 2.30             |
| For 1-inch service connection.....   | 3.10             |
| Additional dwelling houses, etc., taking service through the same connection:  |                  |
| For first additional unit.....   | .80              |
| For second additional unit.....  | .60              |
| For third additional unit and each unit in excess of three..   | .50              |

Note: \*This rate limited to presently installed 1/2-inch services.

Schedule No. 2

MONTHLY MEASURED RATES

Applicability:

Applicable to all domestic, commercial and industrial users of water.

Territory:

In 8 parcels of land having a combined area of 125 acres located approximately 1/4 mile south of the southerly city limits of the City of Modesto, Stanislaus County.

Rates:

|                                 | <u>Per Meter</u><br><u>Per Month</u> |
|---------------------------------|--------------------------------------|
| <u>Minimum Monthly Charges:</u> |                                      |
| For 5/8 x 3/4-inch meter.....   | \$1.50                               |
| For 3/4-inch meter.....         | 1.75                                 |
| For 1-inch meter.....           | 2.50                                 |
| For 1 1/2-inch meter.....       | 3.50                                 |
| For 2-inch meter.....           | 5.00                                 |
| For 3-inch meter.....           | 10.00                                |
| For 4-inch meter.....           | 15.00                                |
| For 6-inch meter.....           | 20.00                                |

Schedule No. 2 (Cont'd)

MONTHLY MEASURED RATES

Rates: (Cont'd)

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

Monthly Quantity Rates:

|       |  |         |
|-------|--|---------|
| First | 5,000 cubic feet, per 100 cubic feet.....  | \$0.075 |
| Next  | 45,000 cubic feet, per 100 cubic feet..... | .06     |
| Over  | 50,000 cubic feet, per 100 cubic feet..... | .04     |

3. That William Osterberg, within sixty (60) days from the date of this Order, shall submit to this Commission for approval 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 inches in size, delineating thereupon in distinctive markings the boundaries of his present service area, the location thereof with reference to the immediate surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.
  
4. That William Osterberg, within sixty (60) days from the date of this Order, shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the territory presently served. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such map shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.

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

Dated at San Francisco, California, this 17<sup>th</sup> day of

December, 1947.

Harold D. Kula  
Justin J. Greene  
Robert Powell  
A. J. ...

Commissioners.