

ORIGINALDecision No. 42756

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 FRANK ROGINA for a certificate
 of public convenience and necessity.

Application No. 29618

Preston and Falk, by Harry W. Falk, Jr.,
 for applicant; R. O. Foster for Talmage
 Improvement Club, Inc.

O P I N I O N

Frank Rogina, an individual engaged in the business of distributing and selling water for domestic and irrigation purposes in and about the unincorporated town of Talmage, Mendocino County, in this application asks the Commission to declare that public convenience and necessity require and will require the construction and operation of a water system in an area specified on a map filed as a part of this proceeding. There is no competing water system serving in the territory for which certificate is requested.

A public hearing was held in this matter on January 6, 1949 in Ukiah before Examiner Ross.

At the time of the hearing, applicant had completed the installation of water facilities, comprising a well seven feet in diameter and 22 feet deep located in the former channel of the Russian River, a 30-horsepower electric motor-driven pump capable of delivering 200 gallons per minute through approximately 1,800 feet of six-inch transmission main to a 62,000-gallon concrete tank located about 320 feet above the well, and about 11,500 feet of distribution mains fed by gravity from the storage tank and ranging in size from 1½ inches to eight inches. Metered service is being rendered to 26 domestic and

three irrigation customers. Applicant also has under construction and on order, respectively, a 130,000-gallon concrete tank to be located adjacent to the present tank and a 60-horsepower electric motor-driven pump with a capacity of 400 gallons per minute, scheduled for operation in 1949. The well has been proven under test to be capable of delivering 1,500 gallons per minute with a three-foot drawdown.

The Commission's witness, Ed F. Catey, testified that in the near future this water system could reasonably anticipate serving 50 domestic customers, and ultimately about 200. It was his opinion that the supply and storage facilities scheduled to be available before the close of 1949 would be adequate to serve the probable ultimate number of domestic customers. A review of applicant's records was made, indicating a total investment of \$29,569.55 in the water system at the time of the hearing, reflecting both completed facilities and construction work in progress.

A report was presented in evidence by the Commission's staff setting forth estimates of revenues, expenses, and rate base for service to 50 and to 200 customers, respectively, reflecting the rates presently being charged by applicant^{1/} and reasonable operating and

1/ Domestic Service

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 600 cubic feet or less	\$1.75
Next 1,400 cubic feet, per 100 cubic feet15
Over 2,000 cubic feet, per 100 cubic feet10
 Minimum Charge:	
Any size meter	1.75

Irrigation Service

Irrigation service is being rendered to three customers under special contract providing a \$50 annual minimum charge to each and a commodity charge of 8½ cents per thousand gallons.

maintenance expenses. The results of this report may be summarized as follows:

Classification	Assuming 50 Domestic Consumers, 3 Irrigation	Assuming 200 Domestic Consumers, 3 Irrigation
Operating revenues	\$ 1,600	\$ 5,800
Operating expenses including straight line depreciation	2,340	5,050
Operating expenses including 5% sinking fund depreciation	1,830	4,420
Net operating revenue (using st. ln. depr.)	(<u>740</u>)	750
Net operating revenue (using 5% S. F. depr.)	(<u>230</u>)	1,380
Undepreciated rate base	23,740	33,000
Rate of return (5% S. F. method)	Loss	4.2%

(Red Figure)

Applicant did not request that any specific rates be authorized by this Commission, but instead asked that the Commission set rates which in its opinion would be fair and reasonable.

It was the expressed opinion of the Commission's engineer that the rates presently charged by applicant were insufficient to yield a proper return on the investment for the near future, and that minimum charges should vary depending on meter size. It was also suggested that domestic customers should be given priority over irrigation customers in the event of shortage of supply or pipe-line capacity.

Mr. Catey testified that applicant had been collecting advances for each meter connection without provision for refund. The amounts charged were \$125 for each connection provided with a 5/8 x 3/4-inch meter, and \$132.50 for one-inch meters. It was recommended that a main extension rule be adopted, consistent with other comparable water systems under this Commission's jurisdiction, providing for a free footage allowance of 100 feet per individual domestic customer

and a specific method of refund for advances collected for footage of extension in excess of the free footage. For real estate subdivisions, it was recommended that the full cost of the extension be advanced, subject to refund on the basis of a fixed percentage of revenue from such extension.

Applicant at the hearing indicated that, should the Commission order a main extension rule such as recommended by the staff, he would make refunds to customers from whom the \$125 and \$132.50 advances had been collected, by crediting their individual bills at the rate of 35% until such advances had been refunded in full. The Commission's engineer further suggested the installation of pressure limiting facilities on the lower extremities of applicant's water system where static pressures now approach 160 pounds per square inch.

Mr. R. O. Foster, appearing for the Talmage Improvement Club, Inc., objected to the inclusion of the area represented by that organization in the territory for which applicant requests a certificate. He explained that this area, located adjacent to the Mendocino State Hospital, was receiving surplus water from the hospital and did not desire to be served by the Frank Rogina water system.

Provision was made at the hearing for applicant to file a map setting forth the exact boundaries of the territory for which certificate is desired. This map was filed with the Commission on March 22, 1949, and reference is made to that document for an exact description of the area.

The Commission is of the opinion that a certificate should be granted to applicant covering the entire territory included in the map to which reference has heretofore been made. It is concluded that the objections raised by the Talmage Improvement Club, Inc. to the inclusion of their area are insufficient to justify omission of that

area. The Commission can see no possible disadvantage that might accrue to the Improvement Club by inclusion, for the reason that there would be no obligation on the part of its members to take service from applicant merely because of inclusion in the certificated area. Further, if the Improvement Club's area were excluded, applicant would be under no obligation to serve this area in the future, which conceivably could be disadvantageous to the members of the club.

It is likewise concluded that a rule and regulation covering main extensions to individuals and to real estate subdivisions uniform with other comparable utilities is desirable, and the order will provide for the filing of such a rule. It is deemed ^{reasonable} ~~proper~~ that applicant make refunds to customers having made advances under past procedures of applicant, in accordance with applicant's commitment stated at the hearing and recited above.

The Commission concludes that the rates and contracts under which service presently is rendered are ~~improper~~ ^{unreasonable}. The following order will provide for fair, just, and reasonable rates. While these rates may not yield applicant a full return on his investment at the outset, due to the developmental stage of the water system at the present, they are deemed ^{reasonable} ~~proper~~ for the future.

The certificate of public convenience and necessity issued herein is subject to the following provisions of law:

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

O R D E R

The above-entitled application having been considered, public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the construction and operation of a public utility water system by Frank Rogina in Mendocino County, in the area set forth in a map filed on March 22, 1949 in this proceeding; therefore,

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

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File rates set forth in Exhibit A and the rule and regulation covering main extensions set forth in Exhibit B, together with other rules and regulations and a tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96, to become effective June 1, 1949.
2. Notify this Commission in writing, within thirty (30) days thereafter, of the completion of the facilities scheduled but not operative at the time of the hearing, included in the system for which this certificate is granted.
3. File, by July 1, 1949, four copies of a comprehensive map, drawn to an indicated scale of not less than 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of the various properties of applicant.

The authorization herein granted will be void if not exercised within one (1) year from the date hereof.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 19th day of April, 1949.

A. J. Anderson
Justice J. Gallivan
James H. Kuczek
Harold P. Hills
Samuel H. Potter
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service, except irrigation service covered by Schedule No. 2.

TERRITORY

In and about the unincorporated town of Talmage, Mendocino County, as delineated on the map included in the Tariff Schedules.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 500 cubic feet or less	\$2.00
Next 1,000 cubic feet, per 100 cubic feet25
Next 1,500 cubic feet, per 100 cubic feet20
Next 2,000 cubic feet, per 100 cubic feet15
Over 5,000 cubic feet, per 100 cubic feet10

Minimum Charge:

For 5/8 x 3/4-inch meter	2.00
For 3/4-inch meter	2.25
For 1-inch meter	3.00
For 1 1/2-inch meter	4.00
For 2-inch meter	6.00
For 3-inch meter	12.00
For 4-inch meter	25.00

The Minimum Charge will entitle the customer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

Schedule No. 2

IRRIGATION SERVICE

APPLICABILITY

Applicable to metered water service where water is used only for irrigation purposes.

TERRITORY

In and about the unincorporated town of Talmage, Mendocino County, as delineated on the map included in the Tariff Schedules.

RATES

Quantity Rate:	<u>Per Meter Per Month</u>
Per 100 cubic feet	\$0.10
Minimum Charge:	<u>Per Year</u>
For 1½-inch meter or smaller	\$25.00
For 2-inch meter	40.00
For 3-inch meter	55.00
For 4-inch meter	75.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rate.

SPECIAL CONDITIONS

The annual minimum charge shall be payable prior to commencement of service at the beginning of each irrigation year. The minimum charge will apply as a credit to subsequent bills within the calendar year.

This service is secondary to domestic service and the utility must be given 24 hours' notice before each irrigation. In the event that insufficient water is available for all irrigation users to be served at the same time, rotation of use may be required.

RULE AND REGULATION
CONCERNING MAIN EXTENSIONS

a. General Extensions:

The Company will extend its water distribution mains to new customers at its own expense when the required total length of main extension from the existing facilities is not in excess of 100 feet per service connection. If the total length of main extension is in excess of 100 feet per service, the applicant or applicants for such service shall be required to advance that portion of the reasonable estimated cost of such extension over and above the estimated cost of the said 100 feet of main per service; provided, however, that in no case will the above estimate be based upon a main in excess of four (4) inches in diameter. The money so advanced will be refunded, without interest, upon the basis of the cost of 100 feet of main for each additional service connected, within a period of ten years, to the extension for which deposit has been made, but in no case shall the total refund exceed the original deposit. Adjustment of any substantial difference between the estimated and the reasonable actual cost will be made after completion of the installation. No deposit will be required from an applicant requesting service from a main extension already in place.

b. Extensions to Serve Tracts or Subdivisions:

Applicants for main extensions to serve subdivisions, tracts, and housing projects shall be required to deposit with the Company before construction is commenced the estimated reasonable costs of the necessary facilities exclusive of service connections and meters. The size, type, and quality of materials and location of the lines shall be specified by the Company and the actual constructing will be done by the Company or by a contractor acceptable to it. In case of disagreement over size, type, and location of the pipe lines and the construction medium the matter may be referred to the California Public Utilities Commission for settlement. Adjustment of any substantial differences between the estimated and reasonable actual cost thereof shall be made after the completion of the installation, subject to review by the Commission.

For a period not exceeding ten years from the date of completion of the main extension, the Company will refund to the depositor, or other party entitled thereto, annually, 35% of the gross revenues collected from consumer or consumers occupying the property to which the said extension has been made; provided, however, that the total payments thus made by the Company shall not exceed the amount of the original deposit without interest.