

Decision No. 42988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PINEDALE COMPRESS & WAREHOUSE CO.,
 a corporation, For a Certificate of
 Public Convenience and Necessity to
 Operate a Public Water Supply System

Application No. 30089

John M. Fleharty and Wiley Y. Thompson for applicant.O P I N I O N

Pinedale Compress and Warehouse Company, a California corporation, by the above-entitled application requests a certificate of public convenience and necessity authorizing it to operate a public utility water system to serve a parcel of land of approximately 586 acres at Pinedale, Fresno County, near the city of Fresno, California. A map of the area is attached to the application and identified as Exhibit B. During the recent war, this land was leased to the United States government for use as an Army camp, and was known as Camp Pinedale. The government constructed a number of buildings and improvements on the property, including a complete water system. Upon termination of the lease, in the fall of 1947, the water system became the property of the applicant. Applicant now supplies 30 service connections with water from this system and requests that both flat and meter rates be established.

A public hearing in this proceeding was held before Commissioner Potter and Examiner Edwards at Pinedale on May 13, 1949. At the hearing, applicant's Vice President, Elliott C. White, appeared as the principal witness. He described the method by which the Pinedale Compress and Warehouse Company acquired the water system, the portion now used, its approximate cost, and the plans for future development.

When the property was returned by the government, a monetary payment was made in lieu of restoring the property to its original condition. The government had installed an extensive water production and distribution system, which production system consisted of three wells with pumps and a 28,000-gallon pressure tank resting on concrete piers. The distribution system consisted of two-inch, three-inch, four-inch, six-inch, eight-inch and ten-inch pipe in the old barracks area.

A few of the government buildings are still standing and are rented for industrial, commercial or domestic purposes. In addition, the southeast corner of the property has been subdivided and 12 modern residences built. These residences are leased, and the domestic water system is extended to serve them. Future plans call for more subdividing of the area at some opportune time. Only a portion of the distribution system is necessary to serve the present eight apartments, 15 houses, 12 commercial and two industrial users. No government records of the original cost of this system are available, but the applicant estimated the original cost of the portion of the system now in use as follows:

Well No. 2	\$ 2,405.50
Well No. 3 (standby)	3,009.98
7,000 ft. underground pipe (various sizes equivalent to six-inch for pricing)	17,990.00
Pressure tank (28,000 gallons)	<u>7,500.00</u>
Total	30,905.48

Intangible capital in the amount of \$785 is claimed by applicant to be the estimated cost of organizing the water system.

Following the filing of the application, an engineering investigation of this water system was made by Mr. V. R. Muth of the Commission's Hydraulic Division staff. Mr. Muth prepared a report and presented it in evidence at the hearing. He estimated the reasonable historical cost of the facilities now in use at \$31,510. His estimate,

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while it allowed for only one well and pump, allowed for a much larger total length of pipe. The pumps are comparatively large (50 hp) and not more than one will be needed for some time. No standby pump appears necessary because there is an interconnection with the distribution system of an adjacent utility, Pinedale Water Company. The necessary 15,200 feet of pipe, to reach all customers, included several sizes ranging from 1½ inch to ten inches in diameter.

Applicant estimates the monthly cost to operate this water system, excluding return, is \$210.97. Of this amount, 10% is charged to the company, leaving 90%, or \$189.87, as the cost to serve customers. Against this cost, applicant estimates revenue at only \$70 per month on the rates proposed. Rates are proposed at the level of those of the nearby Pinedale Water Company with a basic flat rate of \$1.50 per month. Mr. White was questioned as to his reason for proposing rates below cost to serve. He testified that he desires to maintain rates at a competitive level during development of the area, and will give the subject of rates based on costs more consideration after the property is developed.

There is an eight-apartment building that was not properly covered by applicant's proposed flat rates. The \$1.50 proposed flat rate covers a dwelling and irrigated lot of 700 square yards or less. A rate of \$1.50 for one apartment occupancy plus \$1 for each additional apartment occupied was discussed and will be adopted. From the record in this proceeding it appears equitable to establish flat rate service for industrial use based on estimated consumption. Such class of service is provided for in the flat rate schedule attached to this order. The subject of revenue from fire hydrants was also discussed. At present there are only a few hydrants in the domestic area.

Some additional future revenue may be derived from this source if a proposed county-wide fire district is established.

No one appeared at the hearing to object to the granting of a certificate of public convenience and necessity to the applicant. Applicant's witness stated that a franchise to place the pipes in county roads was not required because practically all of the pipe is on private property; and in the new subdivision, space for utilities was provided when permission was given by the county officials to subdivide. Applicant obtained a test of the water from Well No. 2 on May 9, 1949, by a Fresno County Health Officer, and found it to be free of contamination and suitable for human consumption. Mr. White testified that no other utility is rendering public utility water service in this area. There are no loans or other indebtedness standing against the present water system. Applicant agreed to keep separate accounts on its water system operation expenses, revenue and capital so as to segregate it from its public utility warehousing operations.

The evidence indicates that the applicant will be able to operate, maintain and extend the water system in such manner as to furnish satisfactory water service during the remaining developmental stage of this area and thereafter in the future. Applicant's proposed rate levels appear reasonable. Under the circumstances, the Commission finds that public convenience and necessity require the issuance of this certificate.

The certificate of public convenience and necessity hereinafter granted 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

The above-entitled application having been considered, a public hearing having been hold, 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, operation and maintenance of a public utility water system by Pinedale Compress and Warehouse Company, in Pinedale, Fresno County, in the area set forth in a map marked Exhibit B in this proceeding; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted Pinedale Compress and Warehouse Company to construct, operate and maintain 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 in quadruplicate with this Commission within twenty (20) days after the effective date of this order, in conformity with General Order No. 96, the schedules of rates shown in Exhibit A attached hereto, to be charged for all water service rendered to customers after said effective date.
2. Within twenty (20) days after the effective date of this order, file with the Commission four sets of rules and regulations governing relations with its customers, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon by distinctive markings the boundaries of the present service area and the location thereof with respect to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

3. Within thirty (30) days after the effective date of this order, file 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, territory served and to be served, and the location of the various facilities and properties of the applicant.

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

Dated at San Francisco, California, this 14th day
of June, 1949.

R. J. Soudra
Justice J. Calmes
Frank K. Kell
Harold H. Hill
Kenneth P. Potter
Commissioners.

Schedule No. 1

FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Throughout the entire service area, which includes approximately 586 acres of land owned by Pinedale Compress & Warehouse Co., Section 32, T. 12 S., R. 20 E., M.D.B.&M., Fresno County.

RATES

	<u>Per Month</u>
(1) Dwelling of six rooms, or less, including irrigation on which house is located if not over 700 square yards, each	\$1.50
(2) Additional rooms in excess of six, each10
(3) Multiple dwellings or apartments, first unit	1.50
(4) Additional apartments or residential units, each	1.00
(5) Stores, shops, markets, halls and offices, each	1.50
(6) Sprinkling or irrigation not included in Item (1), for each month used, per 100 square feet05
(7) For industrial use, apply the quantity rates of Metered Service Schedule No. 2 to estimated average monthly water use in accordance with written agreement approved by this Commission.	
(8) Minimum for any type of flat rate service	1.50

Schedule No. 2

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Throughout the entire service area, which includes approximately 586 acres of land owned by Pinedale Compress & Warehouse Co., Section 32, T. 12 S., R. 20 E., M.D.B.&M., Fresno County.

RATES

Monthly Minimum Charge:	Per Meter Per Month
For 5/8-inch meter	\$1.25
For 3/4-inch meter	2.25
For 1-inch meter	4.00
For 1 1/2-inch meter	7.50
For 2-inch meter	12.00

Monthly Quantity Rates:	
First 400 cubic feet or less	1.25
All over 400 cubic feet, per 100 cubic feet25

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

SPECIAL CONDITION

Meters may be installed upon any service at the option of either the utility or the customer. If installed at the option of the utility, the entire cost shall be borne outright by the utility. If installed at the option of the customer, the actual cost thereof shall be deposited by the customer with the utility and the amount so deposited shall be returned to the customer as credits on monthly bills for water consumed at the rate of thirty per cent (30%) of such monthly bills.