

ORIGINAL

Decision No. 43475

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of  
Chas. M. Allen and Veta Irene Allen,  
his wife, for authorization to sell  
water and operate water works.

Application No. 30269

Charles Melvin Allen for applicants; Dorsit Phillips  
for Ridgecrest Mutual Water Association; W. H. Sparrow,  
Real Estate Broker, interested party; and Gordon, Knapp  
and Hennessy by Wyman C. Knapp for Ridgecrest Water  
Supply, protestant.

O P I N I O N

Charles M. and Veta Irene Allen, by the above-entitled application filed April 28, 1949, request a certificate of public convenience and necessity authorizing them to operate a water system to serve domestic users in the Los Flores Tract Subdivision, located in the district of Ridgecrest, near the Navy Ordnance Test Station, Kern County, California. The subdivision is recorded as Tract No. 1502 divided into 62 residential lots of approximately one-half acre each. There are now only three houses in the tract, two are occupied and one under construction. A public hearing on this application was held before Examiner Edwards in Ridgecrest on September 14, 1949. At this hearing applicants requested deletion of Paragraph 4 of their application which reads: "to supply water south of Church Street and east of Sunset Street which is now being supplied by Ridgecrest Water Supply in insufficient quantities".

Facilities for the production and distribution of water consist of two drilled wells located on applicants' property on Church Street, Ridgecrest, a pressure tank, and approximately 4,694 feet of distribution lines. The physical location of these wells is in the certificated service area of the Ridgecrest Water Supply. Water from these wells is now being furnished to apartments and residences owned by the applicants and located in Ridgecrest, as well as to a public plunge owned and operated by the applicants. Water in the plunge is changed twice each week, being discharged onto 40 acres of land to irrigate trees.

Applicants are requesting that water rates be set at a level of \$3 for the first 10,000 gallons per month or less, plus six cents per 750 gallons used in excess of 10,000 gallons per month. This is equivalent to \$3 for the first 1,333 cubic feet per month, or less, plus six cents per 100 cubic feet used in excess of the minimum. Applicants' proposed rates are substantially lower than the rates now being charged by the adjacent Ridgecrest Water Supply.

An engineer in the Hydraulic Division of the Commission's staff, Roy E. Sutherland, made a study of this water system and presented a copy of his report in evidence at the hearing as Exhibit No. 1. The estimated historical cost of the property, as of September 14, 1949, was determined by the engineer to be \$8,290 with an estimated reserve determined on a straight line basis of \$450 and expense of \$326 per annum.

The applicants' case was presented by Charles M. Allen. With regard to the probable cost of operating the system, he testified that it would cost approximately four cents per hundred

cubic feet to pump the water and deliver it into the pressure tank. He had made no estimate as to the cost to distribute the water; but, based on his experience as a plumber and from having worked on two small water systems located near Long Beach, California, he stated the \$3 minimum rate should handle all operating costs and provide some return on the investment. Allen will perform his own maintenance work and, therefore, it will not be necessary for him to pay wages to outside employees.

Some one hundred customers of the Ridgecrest Water Supply who are now located adjacent to applicants' wells are proposing a mutual water association and would like the permission of the Commission to purchase water from the Allen wells. These customers are dissatisfied with the service which has been rendered by the Ridgecrest Water Supply, and appeared at the hearing in large numbers to protest the proposed extension of the service area of the Ridgecrest Water Supply under Application No. 30597 which was consolidated with the instant application for purposes of hearing. Allen is willing to sell water at ten cents per 100 cubic feet to the mutual association should such an association be formed.

The Ridgecrest Water Supply is opposing the granting of a certificate of public convenience and necessity to the Allens for service to the Los Flores Tract because it considers the new territory applicants propose to serve adjacent to their present territory as being within their normal growth area.

The record shows that the Ridgecrest Water Supply has not furnished adequate water service to its present customers.

From the many complaints received it is evident that the Ridgcrest Water Supply facilities are not adequate to handle the area properly near the Allen wells. Applicants claim that they have adequate water to serve the Los Flores Tract and that no other utility is rendering service within this area. Easements for distribution mains have been reserved on the subdivision maps. They also claim that the water is clean and fit for human consumption. Under the circumstances a certificate of public convenience and necessity will be granted the Allens to serve water in the Los Flores Tract which is outside the service area of Ridgcrest Water Supply. No authorization to sell water to the proposed mutual organization will be granted at this time, but can be considered by appropriate procedure at a later date if and when incorporation of the mutual system has been completed.

The certificate of public convenience and necessity hereinafter granted 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 a consideration for issuance of such certificate of public convenience and necessity or right.

Quantity rates are being set at a level somewhat above those requested by applicants. Expenses are expected to be in excess of those estimated by applicants and include such additional items as depreciation, taxes, overhead, and return on investment. As soon as the tract develops and the operators have some actual experience, rates can be adjusted to reflect all operating costs properly.

O R D E R

The above-entitled application having been considered, a 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 Charles M. Allen and Veta Irene Allen in Kern County in the area set forth in a map marked Exhibit 2 in this proceeding designated Tract 1502; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted Charles M. and Veta Irene Allen to construct and operate a public utility system for the distribution and sale of water within the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED that applicants shall file:

1. In quadruplicate with this Commission within five (5) days after the effective date of this order, in conformity with General Order No. 96, the schedules of water rates shown in Exhibit A attached hereto, to be charged for all water service rendered to customers on and after December 1, 1949.
2. Within forty (40) days from the effective date of this order, four sets of rules and regulations governing customer relations, each set of which shall contain a suitable map or sketch drawn to indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon by distinctive markings the boundaries of applicants' present service area and the location thereof with reference 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 portion thereof.
3. Within forty (40) days after the effective date of this order, 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 territories served and the location of the various properties and facilities of applicants.

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

Dated at San Francisco, California, this 1<sup>st</sup> day of November, 1949.

R. Z. [Signature]

Justus F. [Signature]

[Signature]

Harold A. [Signature]

[Signature]

Commissioners.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to domestic, industrial and general metered service.

TERRITORY

In Tract No. 1502 in the vicinity of Ridgecrest, Kern County, California.

RATES

Monthly Quantity Rates:		Per Meter Per Month
First	800 cu. ft. or less .....	\$ 3.00
Next	1,200 cu. ft., per 100 cu. ft. ....	.30
Next	1,000 cu. ft., per 100 cu. ft. ....	.25
Over	3,000 cu. ft., per 100 cu. ft. ....	.20

Monthly Minimum Charges:

For	5/8 x 3/4-inch meter .....	\$ 3.00
For	1-inch meter .....	7.00
For	1½-inch meter .....	10.00
For	2-inch meter .....	14.00
For	3-inch meter .....	20.00
For	4-inch meter .....	30.00

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