

Decision No. 43716**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
ROCKET TOWN WATER CO., INC., for a
certificate of public convenience
and necessity, to operate a water
supply company in the County of Kern,
State of California.

Application No. 30483
Amended

Gendel and Raskoff by Bernard Shapiro,
for applicant.

O P I N I O N

Rocket Town Water Co., Inc., a California corporation, by the above-entitled application filed July 11, 1949, requests a certificate of public convenience and necessity authorizing it to serve water to future residents and consumers located in Tracts No. 1466, No. 1494, No. 1520, and an adjacent 80-acre unsubdivided parcel of land near Ridgecrest, Kern County, California. A map of the proposed water system is attached to the application and marked Exhibit B. A public hearing on this application was held before Examiner Edwards on November 15, 1949, at Los Angeles, California. At the hearing, applicant requested permission to amend the application with regard to the types and level of rates proposed in the application. The amendment to the application was filed on November 25, 1949.

Applicant had requested meter rates with annual minimum charges, but asked for revision to a monthly minimum charge basis of \$3 for the smallest size of meter, 5/8-inch by 3/4-inch. Applicant's amendment also requests establishment of flat rates at a level that is commensurate with the proposed meter minimum levels. Higher minimum charges were requested for 1-inch and larger meter sizes. Proposed quantity rates vary from 30.0 cents down to 20 cents per 100 cubic feet.

The water system is being installed by the Republic Contracting Company and will consist of a well, pump, compressor, 13,000-gallon pressure tank, and 55,374 feet of pipe. The well is drilled to a depth of 440 feet and water stands within 148 feet of the surface. A Jacuzzi pump with combination head is installed in the well which is driven by a 57 hp gasoline engine. As soon as electric energy is available, the gasoline engine will be retained as standby in addition to an electric motor, in case of failure of electrical energy. A pressure of 80 pounds per square inch will be maintained in the water system by means of an air compressor which, in turn, is driven by a 11.5 hp gasoline engine. Pipe sizes to be installed in the distribution system will vary from eight inches down to two inches with 3/4-inch couplings provided for service connections. There are 1,534 lots in the four subdivisions, and the applicant's president testified that he anticipates that 200 homes will be constructed in 1950 in these tracts.

The system is being constructed under three separate contracts covering: (1) the well, pump, and motor, (2) the compressor, tank, and pump house, and (3) the distribution system. The estimated costs are as follows:

Contract No. 1	\$14,879.45
Contract No. 2	3,031.42
Contract No. 3	<u>42,595.42</u>
Total	60,506.29

Estimates of future revenues, operation and maintenance expenses were not presented at the hearing. As soon as the distribution system is installed, applicant will hire a part-time maintenance man. Applicant does not expect to earn an adequate return on the capital during the development of the project, but anticipates that as few as 60 customers will provide for out-of-pocket expenses at the level of rates requested.

The subdivider of these tracts, Transcontinental Land & Water Company, Inc., is financing the installation of the water system. As soon as the system is built, it will be transferred to the applicant to operate and maintain. Funds to purchase and operate the system will be obtained from a limited sale of stock to directors and officers of the applicant company.

Applicant claims that a county franchise to locate its pipes in the county roads is not necessary because space has been reserved on the subdivision maps which have been approved by the county authorities. No other utility is now rendering service in this area. The certificated water utility systems now serving in Ridgecrest are not extending their lines as this territory is outside of their respective dedicated service areas.

Applicant has obtained a satisfactory report on the quality of its water from the Los Angeles Health Department, and will comply with the State's Pure Water Law before selling any water.

From the evidence of record, it appears that future residents of these tracts will require water service, that existing utility systems in Ridgecrest have not extended out to this area, so this new utility system is justified. Earnings will be low during the developmental stage, but applicant claims to have backing to finance a period of unprofitable operations. Rates are being set at the approximate level requested in the amended application, except for such modification as will keep the rates in line with those established in Ridgecrest. No person appeared at the hearing to object to the granting of this certificate.

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.

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 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 Rocket Town Water Co., Inc., in Kern County in the area set forth in a map marked Exhibit 4 in this proceeding, designated Tracts No. 1466, No. 1494, No. 1520, and an adjacent 80-acre unsubdivided parcel of land, therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted Rocket Town Water Co., Inc., 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:

1. Rates set forth in Exhibit A attached to this order shall be filed to be effective on or before the date service is rendered to the public, together with rules and regulations and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. Applicant shall within thirty (30) days thereafter notify this Commission in writing of the completion of the system for which this certificate is granted.
3. Applicant shall file within thirty (30) days after the system is placed in operation 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.
4. The authorization herein granted will lapse if not exercised within one (1) year from the date hereof.

Schedule No. 1

GENERAL METER RATEAPPLICABILITY

Applicable to all domestic, commercial, and industrial water service on a measured basis.

TERRITORY

Within the territory of Tracts 1494, 1466, 1520, and an 80-acre unsubdivided parcel of land, all comprising the E $\frac{1}{2}$ Sec. 8, T. 27 S., R. 40 E., M. D. B. and M.

Monthly Minimum Charge:

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter.....	\$ 3.00
For 1-inch meter.....	7.00
For 1 $\frac{1}{2}$ -inch meter.....	10.00
For 2-inch meter.....	14.00

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

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 800 cubic feet or less.....	\$ 3.00
Next 1,200 cubic feet per 100 cubic feet.....	.30
Next 1,000 cubic feet per 100 cubic feet.....	.25
Over 3,000 cubic feet per 100 cubic feet.....	.20

Schedule No. 2

FLAT RATE SERVICE

APPLICABILITY

Applicable to all domestic flat rate water service.

TERRITORY

Within the territory of Tracts 1494, 1466, 1520 and an 80-acre unsubdivided parcel of land all comprising the E $\frac{1}{2}$ Sec. 8, T. 27 S., R. 40 E., M. D. B. and M.

RATES

Per Month

For each dwelling or house, for water used
inside the house only.....\$3.00

For irrigation or sprinkling of areas devoted
to lawns, gardens, shrubbery and trees, per
100 square feet......05

(etc deleted)

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

Dated at San Francisco, California, this 17th day of January, 1950.

R. E. Anderson
Justice J. C. Cullen
David L. Jones et al.
Harold P. Kula
Penner P. Pottel
Commissioners.