

ORIGINALDecision No. 44927

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Thelma B. Wood to
operate a water system in Campton
Heights Subdivision in Humboldt
County, California

Application No. 31581

O P I N I O N

Thelma B. Wood, in the above-entitled application asks the Commission for an order granting a certificate to operate a water system, to be known as Campton Heights Water Service, located in the vicinity of Rohnerville, Humboldt County; to charge the rates set forth in said application and to collect the sum of \$50 for each meter installed for each property owner.

A public hearing in this proceeding was held before Examiner Emerson at Rohnerville on September 8, 1950.

Applicant was the owner of approximately 146 acres of land in the southwest quarter of Section 12, Township 2 north, range 1 west, Humboldt Meridian, as delineated on the map attached to the application, from which she formed the Campton Heights Subdivision of approximately 180 lots. Certain of said lots may be further divided by their new owners so that the tract may eventually include as many as 350 separate parcels within the subdivision boundaries. The service area was enlarged by approximately 30% by amendment of the application during the course of the hearing, as shown on the map marked Exhibit 1 in this proceeding. The total area to be certificated is therefore all of the southwest quarter of Section 12 in T2N, R1W, H.M., except two small parcels, the one comprising bluff land located at the southwest corner of the tract and the other at the northeast corner of the tract.

The tract is presently supplied water from a well located on the highest lot on the south boundary of the subdivision. The well is reported as being 315 feet deep, cased to the bottom with 12-inch oil well casing, and having a 7½ hp turbine pump whose bowls are set at a depth of 200 feet. The well first flowed as an artesian and the present water level is said to be at 5 feet below the surface. Water, at the rate of 150 gpm, is lifted to a 7,200-gallon, covered redwood tank, 42 feet above ground from whence gravity flow supplies the tract. Present water pressure ranges from a minimum of 20 psi on the south side to a maximum of 80 psi on the north side of the tract.

The distribution system presently consists of some 9,500 feet of mains ranging in size from 4-inch to 3/4-inch pipe to which are connected 85 services. Nine 2½-inch fire stands are in place, seven with valves and hose adapters and two with wharf hydrants. Forty customers are presently being served, including the Rohnerville Elementary School which has an enrollment of approximately 225 pupils and which is served from a 2-inch outlet on a 2½-inch main. It appears that approximately two-thirds of the entire tract is piped. There is on hand for the unserved area 4,075 feet of pipe together with valves and fittings.

Residents and others who intend building in the tract have indicated that loans insured by the Federal Housing Authority cannot be obtained until certificated public utility service is authorized in the tract and have urged early granting of applicant's request.

Applicant has proposed the following rates and intends to supply metered service as meters may be obtained and installed

METER RATES

5/8 x 3/4-inch meter, monthly minimum charge . . .	\$ 2.50
3/4-inch meter, monthly minimum charge . . .	3.25
1-inch meter, monthly minimum charge . . .	4.75
1-1/2-inch meter, monthly minimum charge . . .	9.25
2-inch meter, monthly minimum charge . . .	12.50
3-inch meter, monthly minimum charge . . .	25.00

The monthly minimum will entitle the consumer to that quantity of water which the monthly minimum charge will purchase at the following quantity rates:

First 5,000 gallons, or less	\$ 2.50
Next 10,000 gallons, per 1000 gallons50
Next 10,000 gallons, per 1000 gallons45
Next 20,000 gallons, per 1000 gallons30

FLAT RATES

(Applicable to all unmeasured water service)

Minimum, per family, per dwelling	\$ 2.50
Minimum, irrigation, sprinklers only, until such time as meters are installed	2.00
Per 2-1/2-inch fire plug per month	1.00
For stock per head per month25

The cost of constructing the present system appears to have been \$19,252, segregated as follows:

Well drilling	\$ 4,509
Pump	3,025
Tank and tower	1,910
Mains and connections	9,808
	<u>19,252</u>

It was developed at the hearing that the lot on which the well, pump and tank are located had a market value of \$1,000 before installation of such facilities. Construction work is in progress involving a material cost of \$1,550 and an estimated labor cost of \$2,700. Future distribution main extensions have been estimated to cost \$5,600, and the meter installations to cost \$11,500. The completed system would, therefore, have an estimated cost of \$41,602.

Applicant in estimating future yearly revenues has based such estimate on present customers and their flat-rate minimums under the rates requested, resulting in an annual revenue of \$1,610. This estimate appears to be very conservative since it can hardly be assumed that all customers will be minimum-use customers or that no

new customers will be connected to the system. The tract is new, has attractive and newly built homes and presents the appearance of a going and growing subdivision.

Annual operating expenses were estimated by applicant and presented as an exhibit at the hearing. Such expenses are summarized as follows:

Power for pumping	\$ 720
Office expenses (billing, telephone, bookkeeping, postage)	300
Maintenance and repairs	1,080
Taxes, dues, legal fees, licenses, permits	<u>300</u>
Estimated Total	\$2,400

The estimate for maintenance and repair expenses appear excessive in that over one-half of all pipe connections are welded, all pipe and fittings are new, and a new pump and substantial tank is in place and in proper operation.

The rates proposed by applicant, even though not objected to at the hearing, do not appear to be properly designed particularly in view of the wide spread in usage to be expected between customers having the smaller lots and those having acreage. Rates for the school also require special attention. The entire rate structure, therefore, will be redesigned to spread the charges more equitably among the users. Until the tract is further developed, the rates that will be authorized will apparently provide revenues only sufficient to meet operating expenses.

The system has been financed on a cash basis and applicant asserts that such a basis will be continued.

It appears from the record that applicant has a permit from the Board of Supervisors of Humboldt County to install and maintain a water system without the necessity of obtaining a franchise from the county, such permit to continue until further order of the Board of Supervisors. It also appears that a health certificate has not been

required but that the inspector for the county regularly tests applicant's water supply and has declared it to be a safe supply.

No other public utility water system operates in or adjacent to the subdivision asked to be certificated and no protests or objections have been made relative thereto. Under the circumstances, it appears that public convenience and necessity require and will require that applicant be granted a certificate in the area requested.

With respect to applicant's request to collect a \$50 meter installation cost from customers, we wish to point out that such a practice is contrary to long established policies of this Commission. A water company should install meters at its own cost, as meters are properly a part of the plant. There is no more reason for a customer to pay the purchase price and installation cost of a meter than there is for him to purchase a pump, an electric motor, main pressure regulators or any other part of the utility plant. By like reasoning, it is apparent that the water company should make all service connections at its own cost. Applicant's request in this regard will not be granted.

The certificate of public convenience and necessity herein issued 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 held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require and will require the construction and operation of a public utility water system by Thelma B. Wood, in Campton Heights Subdivision in Rohnerville, Humboldt County, as set forth in a map marked Exhibit 1 in this proceeding; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted Thelma B. Wood 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, within thirty (30) days from the date of this order, file the following schedule of rates to become effective for all water service rendered on or after the first day of October, 1950, such schedule of rates together with rules and regulations and service area map, acceptable to this Commission, to be filed in accordance with the requirements of this Commission's General Order No. 96:

Schedule No. 1

METER RATES

APPLICABILITY

For all water service rendered on a metered basis.

TERRITORY

Within Campton Heights Subdivision (SW $\frac{1}{2}$ of Section 12, T2N, R1W, H.M.), Humboldt County, California.

RATES

<u>Monthly Quantity Charges</u>	<u>Per Meter Per Month</u>
0 to 5,000 gallons	\$ 2.25
Next 10,000 gallons, per 1000 gallons40
Next 20,000 gallons, per 1000 gallons35
Next 25,000 gallons, per 1000 gallons30
All over 60,000 gallons, per 1000 gallons25

RATES (Continued)

Per Meter
Per Month

Monthly Minimum Charges

5/8 x 3/4-inch meter	\$ 2.25
3/4-inch meter	3.50
1-inch meter	5.00
1-1/2-inch meter	6.50
2-inch meter	10.00
3-inch meter	20.00
4-inch meter	40.00

A minimum charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the monthly quantity charge.

Schedule No. 2

FLAT RATES

APPLICABILITY

For all water service rendered on a flat rate basis.

TERRITORY

Within Campton Heights Subdivision (SW $\frac{1}{4}$ of Section 12, T2N, R1W, H.M.), Humboldt County, California.

RATES

Per Month

Dwelling, per family	\$ 2.50
Irrigation by means of sprinklers	2.00
Fire Hydrant, each	1.00
Stock, per head25
School	20.00

SPECIAL CONDITIONS

Charges for flat rate service are payable in advance.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. Notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty (30) days thereafter.
2. File, within sixty (60) days after the date of this order, four copies of a comprehensive map, drawn to an indicated scale of approximately 400 feet to the inch, delineating by appropriate markings the land and territory served and the location of the various properties of applicant.

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

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 19th day of September 1950.

R. E. Montgomery
Justice F. C. Casper
George H. Lowell

Commissioners.