

Decision No. 44877**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 KAVANAGH BUILDING CO., a Corporation,
 doing business as SIERRA VIEW WATER
 CO., for permission to sell water
 for domestic purposes to residents
 of Harte Tract.

Application No. 31560

Laurence B. Myers, attorney for applicant.O P I N I O N

Kavanagh Building Company, a California corporation, in the above-entitled application filed July 6, 1950, asks the Commission for an order granting a certificate to operate a water system, to be known as Sierra View Water Company, in an area approximately 1 mile north of the City of Modesto, Stanislaus County, California; and to charge the rates set forth in said application.

A public hearing in this proceeding was held before Examiner Emerson at Modesto on September 21, 1950.

Applicant is a subdivision developer and is engaged in the business of building housing units of various types in, among others, the Harte Tract in Stanislaus County. Said Harte Tract is located in the central portion of the service area requested by applicant, and a map thereof was filed with the application. Applicant's initial installation of a water system is wholly within the Harte Tract (approximately 30 acres), but the service area requested is approximately 2 square miles and contains some 1,260 acres, in which there is presently no utility water service and

in which applicant intends to extend its system in the ordinary course of its business. Said service area is delineated on the map filed as Exhibit No. 1 in this proceeding.

Water supply will be from two wells located on lot No. 6 of Block 6990 in the Harte Tract. Both wells have been tested and will provide an adequate supply of water. Well No. 1 is pumped by a 7½ hp and Well No. 2 by a 15 hp Berkeley turbine pump. The pumps are so arranged in series that on light or ordinary loads, only one pump will operate; while on peak load, both pumps may be in full operation. A 3,000-gallon horizontal pressure tank, supported on a concrete pad, is also located on said lot No. 6; and it and the pumps will be covered by an attractive appearing frame building. Applicant testified that water pressure will be maintained automatically within a range of 22 to 45 psi at the tank outlet. John D. Reader, engineer on the Commission staff, indicated that such pressure appeared adequate for supply to the relatively small number of consumers in the Harte Tract, but advised applicant that a higher lower limit of pressure may be necessary when extension of the system is made or when additional customers are served. The Harte Tract is to be served by a complete loop of 6-inch spiral-weld pipe installed in the alleys of the tract. Services, with shutoff valves, will be installed to the property line at each lot.

Within the Harte Tract, applicant will serve approximately 120 consumers; and within the entire service area, applicant estimates an eventual density of approximately 5,000 services. One school within the service area has approximately 200 students and

its own water supply. Present residents in the service area have individual domestic water supply, and it appears that the nearest public supply is 1 mile from the area. It is reported that building loans for new residences will not be insured by the Federal Housing Authority until a certificated public utility service is authorized in the area.

Applicant has proposed the following rates:

FLAT RATES

One family residing on a single lot	\$2.50	per month
Two families residing on a single lot	4.50	" "
Each additional family on a single lot	2.00	" "
For commercial use	3.00	" "

METER RATES

Minimum Charges:

For 5/8 x 3/4-inch meter	\$2.25	per month
For 3/4-inch meter	2.50	" "
For 1-inch meter	3.00	" "
For 1 1/2-inch meter	5.00	" "
For 2-inch meter	7.50	" "

Quantity Charges:

First 900 cubic feet or less	2.25	" "
Next 1,100 cubic feet, per 100 cu. ft.15	" "
Next 3,000 cubic feet, per 100 cu. ft.10	" "
Over 5,000 cubic feet, per 100 cu. ft.05	" "

Initial system costs, as shown by copies of bills submitted as Exhibit No. 2, and an estimate of fixed capital charges, submitted as Exhibit No. 4, are summarized, by standard accounting classifications, as follows:

<u>Account</u>	<u>Amount</u>
C- 1 Organization	\$ 250.00
C- 5 Land	500.00
C- 6 Buildings	800.00
C-10 Wells	3,078.91
C-14 Pumping Equipment	2,825.76
C-18 Distribution Mains	4,436.68
C-19 Distribution Tanks	819.88
C-20 Hydrants	857.70
C-21 Services	<u>722.49</u>

Total Intangible & Tangible Capital 14,291.42

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

The Commission staff estimated a revenue of \$285 for the calendar year 1950 and \$3,550 for the year 1951. No estimate of operating expenses for the same, or other, periods has been made.

Rates proposed by applicant were not objected to at the hearing, appear to be just and reasonable, and, except for certain minor modifications as to form and conditions, will be authorized.

Applicant testified that no franchise or other permits are required for construction or operation of the system, and that water mains in the Harte Tract will be installed only in rear-property easements. As the system expands, however, it seems certain that county and other public roads or ways will be utilized and may, therefore, require the obtaining of a county franchise. Future extension of the system may also require a health certificate under the State's Pure Water Act.

In view of the record in this proceeding, it appears that public convenience and necessity require and will require that applicant be granted a certificate for the area requested. 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 Kavanagh Building Company (a corporation doing business as Sierra View Water Company) in Stanislaus County, California, within the following described area:

Stanislaus County

Beginning at the intersection of Standiford and McHenry Avenues, thence 330 feet north along McHenry Avenue; thence east parallel with Standiford Avenue to a point 330 feet east of Coffee Road; thence south parallel with Coffee Road to a point 330 feet south of Norwegian Avenue; thence west parallel with Norwegian Avenue and the extension thereto, known as Briggsmore Avenue and on some maps known as 5th Avenue, to a point 330 feet west of Tully Road; thence north parallel with Tully Road to a point 330 feet north of Standiford Avenue; thence east parallel with Standiford Avenue to the point of beginning.

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

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File the rates set forth in Exhibit A attached to this order, 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. File, within forty (40) days after the system is placed in operation, four copies of a comprehensive map, drawn to an indicated scale of approximately 400 feet to the inch, delineating by appropriate markings the various tracts of land and the territory served and the location of the various properties of applicant.

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

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

Dated at San Francisco, California, this 10th day of October, 1950.

R. Z. [Signature]
Justin J. Callen
Ernest H. [Signature]
Harold H. [Signature]
Pennington Pottel
Commissioners.

Schedule No. 1

METER RATES

APPLICABILITY

Applicable to all water service rendered on a meter basis.

TERRITORY

Within the entire area served by Sierra View Water Co. in the Harte Tract about 1 mile north of Modesto, Stanislaus County.

RATES

Monthly Quantity Charges:	<u>Per Meter Per Month</u>
0 to 900 cubic feet	\$2.25
Next 1,100 cubic feet, per 100 cubic feet15
Next 3,000 cubic feet, per 100 cubic feet10
All over 5,000 cubic feet, per 100 cubic feet05
 Monthly Minimum Charges:	
For 5/8 x 3/4-inch meter	2.25
For 3/4-inch meter	2.50
For 1-inch meter	3.00
For 1 1/2-inch meter	5.00
For 2-inch meter	7.50

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

Schedule No. 2

FLAT RATES

APPLICABILITY

Applicable to all water service rendered on a flat rate basis.

TERRITORY

Within the entire area served by Sierra View Water Co. in the Harte Tract about 1 mile north of Modesto, Stanislaus County.

RATES

	<u>Per Month</u>
One family residence on a single lot	\$2.50
Two families residing on a single lot	4.50
Each additional family on a single lot	2.00
Each commercial establishment	3.00

SPECIAL CONDITIONS

1. Charges for flat rate service are payable in advance.
2. Meters may be installed at the option of the utility or the customer, in which event service thereafter will be rendered only on the basis of Schedule No. 1, Meter Rates.