

ORIGINAL

Decision No. 46348

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF JAMES A. GODDARD)
and ELSIE C. GODDARD, husband)
and wife, doing business under)
firm name and style of "Santa)
Teresa Water Service" to maintain)
and operate Water Service for)
home consumption.)

Application No. 32353

James A. Goddard, applicant, and
O. H. Speciale, attorney for applicants;
Marvin Andrews, interested party.

O P I N I O N

In this application, filed April 26, 1951, James A. Goddard and Elsie C. Goddard request authority to construct, maintain and operate a public utility water system to be known as Santa Teresa Water Service in an area approximately 4 miles southeast of San Jose in Santa Clara County and to establish rates therefor.

A public hearing in this matter was held before Examiner Emerson in San Jose on August 3, 1951, and the matter was submitted for decision on October 2, 1951, upon receipt of two exhibits which the examiner directed applicant to file as part of the proceeding.

The water system which applicants now own had its beginnings in 1926 when a Mr. Oscar Eckstein furnished water to six neighbors to whom he had sold residential sites and to whom no other water supply was available. In 1940, a local property owner, Mr. August Wagner, subdivided his lands and acquired the water system in order to assure the availability of a water service to his subdivision. The system was subsequently sold to

Mr. G. E. Carlson, from whom applicants purchased the system in March, 1950. At present approximately 29 residences are supplied water for household consumption in an area lying south of Senter Road and east of El Camino Real (U. S. Highway 101) comprising acreage and two subdivisions known as Los Ranchitos and Mesa Dolores.

The primary source of supply for this system is a 10-inch cased well located on a parcel of land 20 feet square on the east side of El Camino Real about 500 feet south of Senter Road. The well is 146 feet deep, perforated at a depth of 117 feet, and water therefrom is pumped directly into the distribution system. On San Ramon Drive, about 3,000 feet southeast of the pump and at an elevation approximately 90 feet higher than the pump are located two storage tanks of 30,000-gallon and 4,000-gallon capacity, respectively. The County Health Department makes regular tests of the quality of the well water and has ordered applicants to start chlorination treatment of the water.

Because the primary well went dry for approximately one-half the year 1950, applicants have sought other sources of supply. The well was lowered 26 feet without effect. A second well was drilled on Senter Road but it proved to be a dry hole. Applicants then obtained a lease of a standby well near the primary well and, in addition, by written agreement (Exhibit No. 1 in this proceeding) with Arthur and Melicent Woodmansee, obtained another source for use during emergency shortage of the system's supply. This agreement is not transferable to any other persons or company and is for an indefinite term.

Applicants' distribution system consists of 3,000 feet of 6-inch main, 2,100 feet of 2-inch main and 2,200 feet of 1½-inch main which, except for road crossings, are laid on

private property or easements and not in public roads. The majority of applicants' customers receive water on a metered basis and it is intended that all be so served. Applicants intend to subdivide some 27½ acres owned by them into 17 salable parcels and supply water to such parcels from the water system. Approximately 46 customers may thereafter be dependent upon applicants for water supply.

No public utility water supply is available to residents in this area other than that obtainable from applicants' system. In view of the record in this proceeding, it is apparent that applicants have, in fact, been supplying public utility water service in the area and, further, that public convenience and necessity require and will require that they continue to do so. Applicants are placed upon notice, however, that they must provide adequate service and that, therefore, it is incumbent upon them to secure and maintain an adequate and assured supply of water.

Rates and charges for water service have heretofore been variable and produced total revenues of about \$870 in 1950. The Commission staff has estimated that future revenues for an assumed 35 customers at existing charges, when properly applied, will approximate \$1,200 annually. These rates are as follows:

| <u>Quantity</u> | | <u>Per Meter</u> <u>Per Month</u> |
|-----------------|---|--------------------------------------|
| | 0-600 cubic feet | \$1.80 |
| Next | 900 cubic feet, per 100 cubic feet | .275 |
| Next | 1,500 cubic feet, per 100 cubic feet | .25 |
| Next | 7,000 cubic feet, per 100 cubic feet | .20 |
| Over | 10,000 cubic feet, per 100 cubic feet | .15 |

Applicants have declared that operating expenses are not less than \$200 per month at the present time and that their best estimate of future expenses indicates charges of not less than \$100 per month. The Commission staff estimated an average

annual operating expense of \$1,045 including taxes and depreciation. It is apparent, therefore, that revenues under present charges for service will little more than meet expenses even under favorable circumstances. Applicants are aware of such situation and cannot look for a profitable return on their investment until further development of the service area occurs.

Records are not available from which the historical cost of this system may be obtained. The present owners have reported, however, that the purchase price was \$9,000 and that since acquisition they have expended some \$6,000 additionally for expansion or betterments to the system. To date the system has been financed on a cash basis and applicants declare that such basis will be continued and, further, that they have resources adequate to meet any contingencies or emergencies which might affect the system.

The certificate of public convenience and necessity hereafter 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 or necessity or right.

O R D E R

The above-entitled application having been considered, a public hearing thereon 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, maintenance, and operation of a public utility water system by

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all water service furnished.

TERRITORY

Throughout the entire territory served southeast of San Jose in Santa Clara County, as delineated on the map included in the tariff schedules.

RATES

| Quantity Rates: | | Per Meter Per Month |
|-----------------|-----------------------------------|------------------------|
| First | 600 cu.ft., or less..... | \$1.80 |
| Next | 900 cu.ft., per 100 cu.ft..... | .275 |
| Next | 1,500 cu.ft., per 100 cu.ft..... | .25 |
| Next | 7,000 cu.ft., per 100 cu.ft..... | .20 |
| Over | 10,000 cu.ft., per 100 cu.ft..... | .15 |

Minimum Charge:

| | | |
|-----|---------------------------|--------|
| For | 5/8 x 3/4-inch meter..... | \$1.80 |
| For | 3/4-inch meter..... | 2.50 |
| For | 1-inch meter..... | 5.00 |
| For | 1 1/2-inch meter..... | 7.50 |
| For | 2-inch meter..... | 10.00 |
| For | 3-inch meter..... | 15.00 |
| For | 4-inch meter..... | 25.00 |

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

James A. Goddard and Elsie C. Goddard (Santa Teresa Water Service) in Santa Clara County, California, within the area delineated on the map attached to the application; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted James A. Goddard and Elsie C. Goddard to construct and operate a public utility water system for the distribution and sale of water within the above-described territory.

IT IS HEREBY FURTHER ORDERED that applicants shall:

1. File with this Commission, in quadruplicate and in conformity with General Order No. 96, the rates set forth in Exhibit A attached to this order, together with rules and regulations and tariff service area map acceptable to this Commission, to be effective on December 1, 1951.
2. File with this Commission, within forty (40) days after the effective 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 various tracts of land and territory served and the location of the various properties of applicants.

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

Dated at San Francisco, California, this 30th day of October, 1951.

[Signature]
President.
[Signature]
[Signature]
[Signature]
Commissioners.