

Decision No. 47020

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
JOE R. SPANGLER and THELMA T. SPANGLER, )  
as joint tenants, for a Certificate of )  
Public Convenience and Necessity to )  
operate a public utility water system )  
and to establish rates for water service ) Application No. 33063  
in the unincorporated area described as ) As Amended.  
the Resubdivision of Lot 43 Scandinavian )  
Colony, also designated as Tract 1167 of )  
the County of Fresno. )

Joe R. Spangler and Thelma T. Spangler by  
Harold V. Thompson of Thompson and Thompson,  
attorney for applicants; Clyde F. Norris and  
Robert M. Mann, for the Commission staff.

O P I N I O N

Joe R. Spangler and Thelma T. Spangler, as joint tenants, by the above-entitled application filed January 18, 1952, ask the Commission for an order granting a certificate of public convenience and necessity to operate a public utility water system in Tract No. 1167 in Fresno County, said tract being approximately 1 mile northeast of the city limits of Fresno; and to charge the rates set forth in said application.

A public hearing in this proceeding was held before Examiner Watters in Fresno on March 20, 1952. At this hearing, applicants amended the application to revise a portion of the proposed flat rate schedule and to add a proposed metered rate schedule.

Applicants are the owners of a 73-lot subdivision which is being developed by them. One of the applicants testified that he was a contractor, that he was already in the process of building 13 housing units on the lots in the tract, that it was his intention

to complete the housing development for the entire tract of a maximum of 72 homes this year, and that no lots would be sold separately prior to completion of the housing units thereon by him. One lot is being reserved for the well, pump and pressure tank of the water system. Applicants further stated that the tract is not presently being served by any other water system and that it is necessary that the tract receive water service. Also, that the closest source of water supply presently in the area is a private system for a house adjacent to the tract, and that the size of the lots in applicants' subdivision are of such size as to preclude the development of wells for private use. The service area for which applicants are requesting a certificate is delineated on a map filed as Exhibit "B" with the original application, and although the request at this time is limited to this area, applicants intend to supply water service to lots outside this area and for which application to this Commission will be made later. The nearest water utility is the Fresno County Water Works District No. 4 in the Mayfair area, located approximately 1 mile distant from applicants' tract.

The water supply will be obtained from a 12-inch cased well approximately 135 feet deep located on Lot No. 15 of the tract, which well, on a free flow test, produced between 1,100 and 1,200 gallons per minute. The well is to be equipped with a 20 hp electric motor and deep well pump and is to be connected to a 3,000-gallon pressure tank. The tract is to be served by a complete loop of some 3,145 feet of 6-inch 10 gauge welded steel pipe, 375 feet of 4-inch 12 gauge welded steel pipe, 2-inch taps with 1½-inch corporation stops at the main, and 1½-inch galvanized pipe service lines run to within approximately 1 foot of lot property

lines, each of which is to be terminated with a 1 by 1½-inch tee and two 1-inch curb stops; all of which has been contracted for.

The rates proposed by applicants are of the flat rate and metered rate types although it is not the intent of applicants to furnish metered service generally unless so requested by customers. As amended at the hearing, the rates proposed are approximately as follows:

FLAT RATE SERVICE

	<u>Per Month</u>
Dwelling house, subject to special condition below.....	\$3.00
House trailer or tent when used as dwelling..	1.00
Places of business or any commercial or industrial use.....	5.00

Special Condition: All rates include the right to irrigate or water, for purposes of garden or lawn, an area of not more than 400 square feet. Use of water to irrigate or water areas of each additional 400 square feet, or fraction thereof, take an additional charge for each such area of 50 cents.

METERED SERVICE

Minimum Charge:	<u>Per Meter</u> <u>Per Month</u>
For 5/8-inch meter .....	\$1.25
For 3/4-inch meter.....	2.00
For 1-inch meter.....	2.75

Quantity Rates:

First 5,000 gallons, per 1,000 gallons.....	\$0.25
Next 5,000 gallons, per 1,000 gallons.....	.20
Next 20,000 gallons, per 1,000 gallons.....	.15
Over 30,000 gallons, per 1,000 gallons.....	.10

Applicants' witness stated that the proposed rates had been patterned after other utilities and water districts in the same general area as applicants', although not necessarily at the same rate level.

The rates proposed by applicants are based on service to the fully developed subdivision but a full return was not expected during the development period. Assuming the rates requested and an

average of 70 customers on flat rates, an estimated annual gross revenue of \$2,520 is indicated. Applicants estimated that \$50 per month would be required for the operation of the system exclusive of electric power which would cost an additional \$75 per month. The life of the pipe was estimated at 30 years and the life of the motor and pump at 10 years, but the depreciation expense was not developed by applicants. Also, no statement of estimated taxes was given.

Based on the record, the estimated fixed capital charges for the complete water system are summarized as follows:

<u>Item</u>	<u>Amount</u>
Organization	\$ 450
Land (Lot No. 15)	1,200
Well	795
Pumping Equipment and Distribution Tank	4,200
Distribution Mains	8,840
Service	<u>1,258</u>
Total Intangible & Tangible Capital	16,743

Testimony of applicants in our opinion was incomplete as to a full showing that the level of the proposed flat rates is justified. The flat rates authorized herein will therefore be somewhat lower than those proposed by applicants. The minimum charge portion of the metered rates proposed is considered in our opinion to be too low with the result that applicant may be required to meter many of the services because of the disparity between the minimum charges and the flat rate charges being authorized herein. Such a condition would encumber the system unnecessarily with capital expenditures for meters not otherwise required. The minimum charge portion of the metered rates authorized herein will therefore be somewhat higher so as to be more realistic when compared with the flat rates. The quantity charge portion of the metered rate schedule

being authorized herein is likewise different as to level, and the consumption blocks are being expressed in cubic feet rather than gallons.

A financial statement showing applicants' net worth was filed as Exhibit "D" attached to the original application. Applicants further stated that any necessary financing could be arranged by them through bank loans.

No other public utility water system operates presently in or adjacent to the area asked to be certificated, and no protests or objections have been made relative thereto. Notice is taken, however, of the application of Oca Tatham (Application No. 33064) for a certificate to operate a public utility water system approximately one-half mile northeast of applicants' tract. Under the circumstances, it appears that public convenience and necessity require and will require that applicants be granted a certificate as 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 will require the construction and operation of a public utility water system by Joe R. Spangler and Thelma T. Spangler, as joint tenants, in a subdivided tract known as Tract No. 1167 of

Fresno County, in the area more particularly delineated upon the map marked Exhibit "B" and attached to the application; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Joe R. Spangler and Thelma T. Spangler, as joint tenants, to construct and operate a public utility water system for the distribution and sale of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that applicants shall:

1. File 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 tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. Notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty (30) days thereafter.
3. File within forty (40) 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 land and territory served and the location of the various properties of applicants.

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 twenty (20) days after the date hereof.

Dated at San Francisco, California, this 22<sup>nd</sup> day of April, 1952.

A. T. [Signature]  
President.  
James J. [Signature]  
Harold P. [Signature]  
[Signature]  
[Signature]  
Commissioners.

EXHIBIT A  
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Schedule No. 1

FLAT RATE WATER SERVICE

APPLICABILITY

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

TERRITORY

In and in the vicinity of the unincorporated area described as the Resubdivision of Lot 43 Scandinavian Colony, designated as Tract No. 1167, Fresno County, and more specifically defined by the map filed with the application.

RATES

Per Month

For each residence, including 1,500 square feet of irrigated area.....	\$2.75
For all irrigated area in excess of 1,500 square feet included in residence charge, per 100 square feet.....	.05
For house trailer or tent when used as a dwelling.....	1.00
For places of business or any commercial or industrial establishment.....	5.00

SPECIAL CONDITION

Meters may be installed at option of utility or customer for above classifications, in which event service will thereafter be rendered only on the basis of Schedule No. 2, General Metered Water Service.

EXHIBIT A  
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Schedule No. 2

GENERAL METERED WATER SERVICE

APPLICABILITY

Applicable to all water service furnished on a measured basis.

TERRITORY

In and in the vicinity of the unincorporated area described as the Resubdivision of Lot 43, Scandinavian Colony, Tract No. 1167, Fresno County, and more specifically defined by the map filed with the application.

RATES

Per Meter  
Per Month

Quantity Rates:

First 1,000 cu.ft. or less.....	\$2.50
Next 4,000 cu.ft., per 100 cu.ft.....	.20
Next 10,000 cu.ft., per 100 cu.ft.....	.15
Over 15,000 cu.ft., per 100 cu.ft.....	.10

Minimum Charge:

For 5/8 x 3/4-inch meter.....	\$2.50
For 3/4-inch meter.....	3.50
For 1-inch meter.....	5.00

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