

ORIGINAL

Decision No. 47021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION )  
of OCA TATHAM for a Certificate )  
of Public Convenience and Necessity )  
to operate a public utility water )  
system and to establish rates for )  
water service in the unincorporated )  
area described as Northeast Gardens )  
and adjoining territory in the )  
County of Fresno. )

Application No. 33064  
(As Amended)

Oca Tatham by Harold V. Thompson of Thompson and Thompson, attorney for applicant; Clyde F. Norris and Robert M. Mann, for the Commission staff; Carl T. Somdal and Howard Fullerton appearing in propria persona, as interested parties.

O P I N I O N

Oca Tatham, by the above-entitled application, filed January 18, 1952, asks the Commission for an order granting a certificate of public convenience and necessity to operate a public utility water system, to be known as Northeast Gardens Water System, in an area approximately 1½ miles northeast of the city limits of Fresno, Fresno County, California, 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, applicant amended the application to revise a portion of the proposed flat rate schedule and to add a proposed metered rate schedule.

Applicant is in the real estate and subdivision development business and, among other things, is the owner and subdivider of a portion of Tract No. 1129 of Fresno County,

known as Rainbow Terrace. The service area for which applicant is requesting a certificate is shown on a map filed as Exhibit "B" with the original application, and although the request at this time is limited to this area, applicant intends to supply water service to lots outside this area and for which application to this Commission will be made later. The reference map shows a total of 203 lots which applicant intends to provide with water service. Of the service area, applicant is the subdivision developer of the property north of Yale Avenue, while another party is the owner of the area south thereof. In applicant's subdivision, 22 houses are now being constructed and applicant stated that his subdivision area would be developed with homes within the next two years. The owner of the subdivision south of applicant's, but within applicant's requested water utility service area, testified that his development would be completed with homes within the next 18 months and that he was dependent upon applicant for water service to his tract. Applicant further stated that the entire service area is not presently served by any other water system save that of applicant's and that it is necessary that the area receive water service. Also, that the nearest water utility is the Fresno County Water Works District No. 4 in the Mayfair area located approximately 1½ miles distant from applicant's area.

Approximately half of the water system has been installed within the proposed service area, and the remaining portion has been contracted for on a firm bid basis. The present water supply is obtained from a 10-inch cased well approximately 84 feet deep equipped with a 10 hp electric motor and deep well pump, located on a 20 by 140-foot parcel reserved for the water system, on the north side of Vassar Avenue midway between

Backer and Sweden Avenues. A second well is to be drilled within the next 90 days on a 20 by 30-foot parcel located on the southwest corner of a lot on the southeast corner of Princeton and Backer Avenues, which parcel is to be reserved for the water system. The proposed well is to be 12 inches in diameter, approximately 120 feet deep, cased, and provided with a 20 hp electric motor and deep well pump. One 2,500-gallon pressure tank is already installed and another is to be installed in connection with the proposed well and pumping plant. When completed, the distribution system is to consist of 3,500 feet of 6-inch main, 5,945 feet of 4-inch main, and provided with 1½-inch pipe for each two lots reducing to a 1-inch pipe for each single lot service connection. The 4-inch mains generally lateral out from the 6-inch mains and the former are dead-ended with blowoff valves. It is the intent of the applicant to extend the 4-inch mains to the east to connect with additional lots outside the presently requested water utility service area sometime in the future, as the proposed water supply as now proposed would be adequate to serve such additional areas.

The rates proposed by applicant are of the flat rate and metered rate types although it is not the intent of the

applicant to furnish metered service generally unless so requested by customers. As amended at the hearing, these 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 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

	<u>Per Meter</u> <u>Per Month</u>
Minimum Charge:	
For 5/8 x 3/4-inch meter or larger .....	\$2.50
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

The rates proposed by applicant are based on service to the fully developed service area, but a full return was not expected during the development period. Assuming the rates requested and an average of 200 customers on flat rates, an estimated annual gross revenue of \$7,200 is indicated. Applicant estimated that, based upon the fully developed and utilized system: \$1,450 would be required for electric power; \$1,450 for billing, collecting, and automobile expenses; \$400 for taxes and insurance;

and \$1,200 for a return on an investment of \$24,000 at 5%. No estimate was made of the depreciation expense although applicant suggested 3% of the depreciable capital per year as a reasonable basis for its determination.

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 (two parcels)	850
Wells	1,300
Pumping Equipment	4,832
Distribution Tanks and Mains	17,745
Total Intangible & Tangible Capital	<u>25,177</u>

Testimony of applicant in our opinion was incomplete as to a full showing that the level of the proposed rates is justified. The flat rates authorized herein will therefore be somewhat lower than those proposed by applicant. The minimum charge portion of the metered rates proposed is considered in our opinion to be too low for other than 5/8 by 3/4-inch meters with the result that applicant may be required to meter many of the services because of the disparity between this minimum charge 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 for other than 5/8 by 3/4-inch meters 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 the level, and the consumption blocks are being expressed in cubic feet rather than gallons.

A financial statement was filed as Exhibit "D" attached to the original application. Applicant further stated that any

reasonable expenditures in connection with the water utility system could be met on a cash basis.

Several residents in the service area are now receiving water service from applicant without charge although one of these residents had been charged for a period of two months several months ago. Several potential customers were present at the hearing and no protests or objections were made relative to water service other than to question the noise of the pump switch and the plans of the applicant regarding cleaning up the general area adjacent to the existing well.

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 Joe R. Spangler and Thelma T. Spangler (Application No. 33063) for a certificate to operate a public utility water system approximately one-half mile southwest of applicant's service area. Under the circumstances, it appears that public convenience and necessity require and will require that applicant be granted a certificate as requested. The certificate of public convenience and necessity herein issued 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 and the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (inclusive 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, and 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 Oca Tatham to be known as Northeast Gardens Water System in Fresno County within the following described area:

Commencing at the intersection of the center line of Sweden Avenue with the center line of Cornell Avenue, thence southerly along said center line of Sweden Avenue to its intersection with the center line of Weldon Avenue, thence westerly along the said center line of Weldon Avenue a distance of 755.43 feet; thence north a distance of 659.55 feet, thence east to the point of intersection with the center line of Backer Avenue, thence north along the center line of Backer Avenue to its intersection with the center line of Cornell Avenue, thence east along the center line of Cornell Avenue to the point of beginning.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Oca Tatham 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 applicant shall:

1. File rates set forth in Exhibit A attached to this order, to be effective on and after June 1, 1952, 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 completed 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 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 twenty (20) days after the date hereof.

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

R. B. Johnson  
President.

Justus F. Casper

Harold A. Kilds

Francis H. Fottel

John E. Fitzhugh  
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 Northeast Gardens, Fresno County, and more specifically defined by the map filed with the application.

RATES

	<u>Per Month</u>
For each residence, including 1,500 sq.ft. of irrigated area .....	\$2.75
For all irrigated area in excess of 1,500 sq.ft., per 100 sq.ft. ....	.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 Northeast Gardens, Fresno County, and more specifically defined by the map filed with the application.

RATES

Quantity Charge:	<u>Per Meter</u> <u>Per Month</u>
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.