

Decision No. 47103

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ORAL H. ATCHISON, an individual doing)
business as CALIMAR WATER CO., for a)
Certificate of Public Convenience and)
Necessity to extend the existing water)
supply system and to begin construction)
thereon; and to issue a note for con-)
struction costs.)

Application No. 33185

Oral H. Atchison, by Kenneth H. Bates
of Deadrich, Gill and Bates, attorney
for applicant; James G. Lee, for the
Commission staff.

O P I N I O N

Oral H. Atchison, doing business as Calimar Water Company, by the above-entitled application filed March 4, 1952, requests an order of the Commission, granting to applicant a certificate of public convenience and necessity to extend his existing public utility water system to include Tract No. 1603 located in Kern County, authorizing applicant to charge for all water service rendered therein at the present level of rates heretofore established by this Commission, and authorizing applicant to execute a note to finance the extension herein requested. A map showing the extension requested and a copy of the rates on file are attached to the application and marked Exhibits A and B, respectively.

A public hearing on this application was held before Examiner Watters in Bakersfield on April 10, 1952.

A certificate of public convenience and necessity to construct and operate a public utility water system and the right

to exercise the franchise granted by Ordinance No. F-10 adopted November 28, 1949 by the Board of Supervisors of Kern County, were granted applicant by Decision No. 44970, dated October 30, 1950, in Application No. 31532. This authorization, however, was limited to Kern County Tracts Nos. 1443, 1509, 1569 and 1574, the extension beyond which required further certification by this Commission.

Applicant's present water system consists of two 12-inch diameter wells, each equipped with an electric motor, pump and pressure storage tank, and some 16,300 feet of distribution mains varying from 1 to 4 inches in diameter. Well No. 1, located in Tract No. 1443, is 175 feet deep and produces at the rate of 300 gallons per minute while Well No. 2, located in the vicinity of the intersection of Planz Road and Shellmacher Avenue in Tract No. 1509, is 155 feet deep and produces at the rate of 500 gallons per minute. The distribution system is generally laid out to form several interconnected closed loops with both wells supplying water to this circulating system. At present, 201 customers are served out of a potential of 636 customers in the service area presently certificated.

The extension requested by this application is located just north of Planz Road opposite Tract No. 1509 and between the extensions of Lotus Lane and Shellmacher Avenue therein. This subdivision, known as Tract No. 1603, Kern County, consists of 24 lots and is to be supplied from applicant's present system by means of 177 feet of 4-inch pipe from Well No. 2 to the tract and then by means of 676 feet of 2-inch pipe to and along the rear property lines of the subdivision lots, together with such service connections and fittings as are required to service the 24 lots. The cost of this extension was estimated by applicant to be approximately \$533 for mains, \$63 for valves, fittings and service stubs, and \$330 for

the installation of the entire extension, or a total of \$926. Applicant has already procured the pipe and fittings and has an oral commitment for the complete installation thereof.

Testimony of applicant indicated that the operating expenses for the extension would be nominal, the greatest expense being for electricity for additional pumping estimated to cost from \$1.50 to \$2 per customer per month. Applicant's annual report for 1951 on file and made a part of this proceeding by reference shows for the present system total revenues of \$5,131.43 and total expenses of \$7,137.55, the latter figure including owner's salary in the amount of \$2,416.18. Applicant stated that a full return on the service area extension was not contemplated during the development period which would probably take several years.

Although the original application contains a request for authorization to execute a note for \$1,000 to finance the proposed extension of the water system, the record shows that applicant does not intend to issue a note but plans merely to finance the extension through a conventional subdivider's agreement with Andrews and Lancaster, the subdividers of the tracts presently served and to be served by the requested extension. Such an arrangement is provided for in applicant's Rule and Regulation No. 15 on file. We shall, therefore, dismiss without prejudice the request of applicant to execute the subject note.

Applicant is in the real estate and the grocery business, in addition to owning and operating the water utility system, has the financial backing of the tract subdividers, Andrews and Lancaster, and appears to be financially able to extend the present water utility system and to maintain it in good operating condition.

The tract covered by this application does not now have water service and the nearest water utility system is that of the California Water Service Company located $\frac{1}{2}$ mile to the north. Several other water systems are located at distances of from 1 to 4 miles from applicant's. All requirements of health authorities have been complied with, in so far as are known, according to applicant.

No protest was made and it appears, therefore, that the application for a certificate to extend the system should be granted.

In the new service area (Tract No. 1603), applicant desires to charge the schedule of flat and metered rates and to operate under the rules now effective in Tracts Nos. 1443, 1509, 1569 and 1574. It is not applicant's intent to render metered water service generally. The presently filed rates and rules of this water company are justified for the service to be rendered and will be authorized for the extension of the service area in the following order.

The Commission staff representative questioned the advisability of applicant's use of a main as small as 2 inches to supply the subdivision extension. It was brought out that while certain county building restrictions were applicable, still, more than one dwelling unit could be constructed on one lot. In the present service area, four cabins were located on a single lot in one instance. Also, temporary dwellings such as tents and shacks had been erected from time to time. If the extended service area experiences the construction of multiple dwelling units on single lots to any degree, the 2-inch main may have to be replaced or supplemented and would undoubtedly prove

to be more costly than installing a larger diameter main initially. In our opinion, no more than 300 feet of 2-inch main should be installed at the extreme end of the proposed extension with no less than 3-inch diameter pipe to be installed for the intervening section, which connects to the end of the proposed 4-inch main tying to the present distribution system. Such modification of applicant's proposed extension plans will be ordered herein.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the 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 Oral H. Atchison in a subdivided tract known as Tract No. 1603 of Kern County, in the area more particularly delineated upon the map marked Exhibit A and attached to the application; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Oral H. Atchison, an individual doing business as Calimar Water Company, to construct and operate a public utility system for

the distribution and sale of water within the territory herein-
before described.

IT IS HEREBY FURTHER ORDERED that:

1. Applicant is hereby authorized and directed to charge for all water service rendered in the above-described certificated area the presently effective rates and place into effect the existing rules of Calimar Water Company.
2. Applicant shall refile Cal. P. U. C. Sheets Nos. 1-W, 2-W, 3-W, 4-W, and 6-W to include reference to Tract No. 1603 to be effective on or before the date service is rendered to the public in Tract No. 1603, together with revised tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
3. Applicant shall install in Tract No. 1603 no less than 3-inch diameter pipe from the point approximately ten (10) feet north of the northerly curb line of Planz Road, said point being the downstream end of the proposed 4-inch diameter pipe as shown on Exhibit No. 2, to within 300 feet or less of the extreme easterly end of the proposed main extension in order that no more than the easterly twelve (12) lots of said tract shall be served from the proposed 2-inch main.
4. Applicant shall notify this Commission in writing of the completion of the system for which this certificate is granted and within the manner herein ordered, within thirty (30) days thereafter.
5. Applicant shall refile, within forty (40) days after the system for which this certificate is granted is placed in operation, four (4) 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 within the entire service area.

6. The request to issue a note for \$1,000 is dismissed without prejudice.

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 5th day of May, 1952.

A. I. Davidson
President.

Joseph J. Casper
Harold P. Kula

Herbert H. Patten
John E. McMill
Commissioners.