

ORIGINAL

Decision No. 47212

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MOUNTAIN PROPERTIES, INC., a)
California corporation, for Certifi-)
cates of Public Convenience and) Application No. 33206
Necessity in Kern County, under)
Section 1001 of the Public Utilities)
Code.)

Moss, Lyon, and Dunn, attorneys, by Charles B. Smith, for applicant; Tommy L. Boozer, in propria persona, interested party; R. E. Sutherland for the Commission staff.

O P I N I O N

Mountain Properties, Inc., a corporation, by the above-entitled application filed March 10, 1952, seeks certificates of public convenience and necessity to operate two water systems, known as Lamont water system and Wasco water system, in Kern County. The establishment of rates for water service in such water systems is also requested. The areas proposed to be served are shown on maps included in Exhibits Nos. 1 and 2, filed at the hearing.

A public hearing in this matter was held before Examiner Warner on May 14, 1952, at Bakersfield.

Mountain Properties, Inc., was incorporated in 1931, and furnishes public utility water service in Los Angeles, Orange, San Bernardino, and Kern Counties to a total of approximately 6,000 consumers. In Kern County it is now furnishing water service to approximately 1,100 consumers in its Mesa Acres water system, in its so-called Bakersfield Division.

Applicant's present Lamont water system, for which a certificate is herein requested to be issued, is the result of the acquisition and consolidation by applicant of seven separate

water systems, formerly owned and operated by mutual water companies, in the Lamont area. This area is located about 10 miles southeast of Bakersfield. It comprises approximately 2,480 acres, including all of Sections 6 and 7, Township 31 South, Range 29 East, and Sections 1 and 12, Township 31 South, Range 28 East, M.D.B.&M., except the area comprising 80 acres now being served by the Lamont Public Utilities District and Mountain View Acres Water Company (a mutual irrigation company), located in the southerly portion of Sections 1 and 6 shown in blue on the map comprising the last page of Exhibit No. 1. Within the last year applicant acquired the afore-mentioned seven water systems from Lamont Mutual Water Company, in Tract No. 1512; from Mills Water Company (a mutual), in Tract No. 1327; from Columbine Mutual Water Company, in Tracts Nos. 1409 and 1468; from School Street Water Company (a mutual) in an area described by metes and bounds; from Weedpatch Mutual Water Company, in Tract No. 1383; from a mutual company operating a water system which had three or four consumers in Middleton Tract, an area described by metes and bounds; and from a mutual company operating a water system which had no consumers in the so-called Myers Tract, Tract No. 1559. As of the date of the hearing, there were 523 active service connections in the seven systems comprising applicant's Lamont water system.

The source of water supply for the Lamont water system consists of five wells located within the proposed service area. The estimated production capacity of the pumping plants installed in such wells is 4,530 gallons per minute. The record shows that the water supply is potable and free of contamination. The Lamont distribution system installed is shown in detail in Exhibit No. 1. Water pressures of 30 to 50 lbs. per square inch are maintained by means of pressure tanks having a combined capacity of 22,837 gallons.

The Columbine, School Street, Mills Tract and Lamont systems are interconnected and are served by wells Nos. 1 and 2, and the Weedpatch, Middleton and Myers systems are interconnected and are served from wells Nos. 3, 4 and 5. It appears that the water supply, and the water system installed, are adequate to serve the applicant's Lamont water system as proposed.

Applicant holds deeds to all well sites, and holds contracts and bills of sale from each of the mutual water companies for each of the seven water systems comprising Lamont water system.

Within the last year applicant also acquired the Wasco water system, originally owned by Arvin Richardson, an individual. The area of this system is located south of and adjoining the town of Wasco which is about 30 miles north of Bakersfield. It comprises the S $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Section 13, Township 27 South, Range 24 East, M.D.B.&M., and includes Tracts No. 1483 and 1488, consisting of a total of 153 lots on 40 acres separated by a 20-acre unsubdivided parcel. It also includes 40 acres of unsubdivided land adjacent to such tracts. As of the date of the hearing there were 67 active service connections in the Wasco water system.

The source of water supply includes one well in which is installed a 10 hp motor. The estimated production capacity of the pumping plant is 150 gallons per minute. The record shows that this water supply is potable and free of contamination. There is an additional well, not now in use, which could be utilized for standby purposes. Water pressures of 30 to 50 lbs. per square inch are maintained in this system through the utilization of a 2,000-gallon pressure tank connected to the distribution system. The water systems installed in Tracts Nos. 1483 and 1488 are interconnected and are fully circulating. A description of the water

system facilities is included in Exhibit No. 2. It appears that the water supply and distribution system facilities installed are adequate to serve the Wasco water system as proposed.

Applicant is presently charging a flat rate of \$3 per month for a single-family residence on one lot; \$2 per month for each additional family unit on a single lot; \$0.03 for each additional 100 square feet of lot area; \$3 per month for stores, markets and shops; and \$4 per month for service stations. All service connections are 3/4-inch. These rates have been in effect for about a year and no change is requested, or planned, by applicant. At the hearing applicant requested the establishment of a flat rate for each additional family unit on a single lot, without bath, of \$1.50 per month. Establishment of general metered service rates is also requested but the record shows that applicant does not intend to install meters and at the present time all service is being furnished on a flat rate basis in both the Lamont and the Wasco water systems.

A summary of operations of the Lamont and Wasco water systems combined, for the 12-month period ending March 31, 1952, was included in Exhibit No. 6, submitted by a Commission staff

engineering witness, and the information contained therein is shown in the following tabulation:

SUMMARY OF COMBINED OPERATIONS
LAMONT AND WASCO WATER SYSTEMS

April 1, 1951 to March 31, 1952

Operating Revenues		\$16,231
Operating Expenses (including depreciation and taxes)		<u>13,140</u>
Net Operating Revenues		\$ 3,091
Rate Base:		
Fixed Capital	\$114,920	
Materials and Supplies	9,060	
Working Capital	<u>1,115</u>	
Total Undepreciated Rate Base	125,095	
Reserve for Depreciation	6,259	
Customer Advances	<u>44,346</u>	
Total Depreciated Rate Base		74,490
Rate of Return		4.15%

The above-shown rate of return of 4.15% is not considered to be excessive, and the establishment of the rates requested in the application, and as amended at the hearing, will be authorized by the order herein.

Applicant maintains a branch office in Bakersfield with a branch manager and four other permanent employees. All maintenance, collection, repair, and service matters are handled from such branch office.

The record shows that there have been no serious or chronic complaints as to service or rates, and, although notices of the hearing were sent to all consumers and published in the newspaper, no protest was voiced by anyone except Mr. Boozer, a Lamont water system consumer, who inquired why he had been charged

\$4.50 per month since 1950. The record shows, in answer to his question, that he has two residences on the same lot, one of which is without bath, and that, under the rates proposed to be established, he is being billed properly.

No public utilities of like character with which applicant might compete are located in or adjacent to any of the proposed areas in this application.

From a review of the record, the Commission is of the opinion that the application for certificates of public convenience and necessity by Mountain Properties, Inc., to operate water systems known as Lamont water system and Wasco water system, in Kern County, should be granted, and a certificate of public convenience and necessity covering both Lamont and Wasco water systems will be granted 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.

The action taken herein shall not be construed to be a finding of the value of the property herein described.

O R D E R

Mountain Properties, Inc., a corporation, having applied for certificates of public convenience and necessity to operate water systems known as Lamont water system and Wasco water system, in Kern County, 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 that Mountain Properties, Inc., be granted a

EXHIBIT A
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Schedule No. 1

MONTHLY FLAT RATE

APPLICABILITY

Applicable to all unmeasured water service.

TERRITORY

Throughout the authorized Lamont water system and Wasco water system service areas.

RATES

	<u>Per Month</u>
For single-family residence on a lot not to exceed 7,500 square feet in area, through 3/4-inch service	\$3.00
For each additional family unit on a single lot	2.00
For each additional family unit on a single lot without a bath	1.50
For each additional 100 square feet of lot area	0.03
For each store, market or shop (service connection not to exceed 3/4-inch)	3.00
For each service station (service connection not to exceed 3/4-inch)	4.00

SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished only on a metered basis.

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

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Schedule No. 2

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all measured water service.

TERRITORY

Throughout the authorized Lamont water system and Wasco water system service areas.

RATES

Quantity Rates:	Per Meter Per Month
First 800 cu. ft., or less	\$2.00
Next 3,200 cu. ft., per 100 cu. ft.20
Over 4,000 cu. ft., per 100 cu. ft.15

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.00
For 1-inch meter	4.00
For 1 1/2-inch meter	7.50
For 2-inch meter	10.00
For 3-inch meter	20.00
For 4-inch meter	30.00

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

certificate of public convenience and necessity to operate water systems in the areas described herein and delineated on the maps filed at the hearing with Exhibits Nos. 1 and 2; therefore,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it is granted to Mountain Properties, Inc., to operate public utility water systems in the area hereinabove described.
2. That applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, a schedule of rates shown in Exhibit A attached hereto, and on not less than five (5) days' notice to the Commission and the public, to make such rates effective for services rendered on and after July 1, 1952.
3. That applicant shall file, within forty (40) days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, and the location of various properties of applicant.
4. That applicant shall file, coincident with the rate filing ordered herein, four copies of a tariff service area map acceptable to the Commission and in accordance with the requirements of General Order No. 96.

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

Dated at Los Angeles, California, this 5th day of

June, 1952.

[Signature]
President.

Justus F. Craven
Harold Hula
[Signature]
[Signature]
Commissioners.