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ORIGINAL

Decision No. 47384

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
BOWEN LAND COMPANY, INC., a)
corporation, for a Certificate of)
Public Convenience and Necessity to)
Operate a Public Utility Water)
System and to Establish Rates for)
Water Service in an Unincorporated)
Area adjoining the City of Fresno,)
California, known as Bel Air No. 4.)

Application No. 33287

Crossland and Crossland, by Robert S. Crossland,
for applicant; George F. Tinkler, for the Commission
staff.

O P I N I O N

Applicant, Bowen Land Company, Inc., a corporation, is a real estate development company which owns approximately 30 acres of land north of and adjacent to the City of Fresno, Fresno County, which it proposes to subdivide. As the property is not within the city limits of Fresno, water service can be obtained from the City of Fresno water system only upon payment of a premium. Applicant, therefore, proposes to construct and operate its own water system.

The 30-acre tract for which applicant is seeking a certificate of public convenience and necessity to operate a public utility water system is known as Tract No. 1240, Bel Air No. 4.

The legal description is as follows:

All of Lot 27 and the north one-half (N½) of Lot 26 of Perrin Colony No. 6, Fresno County, California.

Maps of the proposed certificated area appear as Chart 1 to Exhibit No. 2 introduced in evidence in this proceeding, and as Exhibit B attached to Application No. 33287 on file herein. The

Commission is also asked to establish rates for the service to be rendered.

A public hearing in this matter, as amended, was held at the City Hall at Fresno, Wednesday morning, May 21, 1952, before Examiner Cline. At the conclusion of the hearing, the matter was submitted for decision. Notice of hearing was given to various City of Fresno and County of Fresno officials, and was published in the Daily Real Estate Report and Abstract of Records. No one appeared at the hearing in opposition to the applicant's request for a certificate.

Applicant requested that Paragraph II of its application be amended to include within the proposed service area the hatched area shown on Chart 1 of Exhibit No. 2, consisting of approximately 6 acres. This amendment was subsequently stricken from the application at the request of applicant.

Facilities

The facilities of the water system will consist of two water wells, one of which has already been drilled on Lot 50 and has a capacity of approximately 250 gallons per minute, and the other of which is proposed to be drilled on Lot 29. The first well at the present time has a 7½ hp electric motor connected to a pump which is to be replaced with a 10 hp motor. The pump will discharge water directly into the mains. The second well will also be connected to a 10 hp electric motor and pump, and will discharge the water into a 5,000-gallon steel pressure tank and thence into the distribution mains. Both pump controls will be set automatically to maintain pressure between 40 and 60 pounds per square inch, which is considered adequate for domestic purposes. The water will be distributed through approximately 4,900 feet of

6-inch steel mains. One-inch services will connect the mains to the property lines. Applicant proposes to install six 2½-inch wharf-type fire hydrants at the locations shown on Chart 1 of Exhibit No. 2.

In disposing of the property in the subdivision, applicant will reserve all easements necessary for the operation of the water system. Applicant also will retain the ownership of Lots 50 and 29 on which the wells are to be located. On these two lots applicant proposes to construct residences, one of which will provide living quarters for the employee who will operate the water system and the other of which will be rented. The average lot has an area of approximately 7,200 square feet.

Applicant expects that within two years the remaining lots in the tract will be sold and that homes will be constructed thereon. At such time the water system would serve 120 customers.

Proposed Rates

Applicant in its amendment to its original application has proposed a flat rate of \$3.50 per month for each 1-inch service located in a single lot, plus an additional charge of \$0.05 per month for each additional 100 square feet of property used for garden or lawn. An additional charge for each air cooling unit or evaporating cooler in addition to the monthly dwelling rate will be made during the summer months of \$0.25 per month for circulating type and \$0.75 per month for noncirculating type.

Meter rates are proposed as follows:

	<u>Per Meter Per Month</u>
First 1,000 cu.ft. or less.....	\$2.50
Next 2,000 cu.ft., per 100 cu.ft.....	.20
Next 2,000 cu.ft., per 100 cu.ft.....	.18
Next 5,000 cu.ft., per 100 cu.ft.....	.15
Next 10,000 cu.ft., per 100 cu.ft.....	.12

The minimum charge for 5/8 by 3/4-inch meter is \$2.50 with proportionately higher minimums for larger meters.

Applicant's president testified that before proposing the above rates he made a careful review of the rate schedules of various public utility systems operating in the general vicinity of the City of Fresno.

Rate Base Earnings and Return

Cost estimates of the plant submitted by applicant's president totaled \$25,660 as compared with the Commission staff engineering witness estimate of \$23,420. The evidence on revenues and expenses was introduced through the Commission staff witness. The Commission staff engineer estimated that after the complete development of the subdivision, the annual revenues under the proposed rates would total \$4,500 and that annual expenses would amount to \$3,500, leaving a net income of \$1,000. The staff engineer used a composite depreciation rate of 3.47% per year based on remaining life method.

The rate of return will be about 3.9% on the applicant's claim and 4.3% on the Commission staff showing.

We hereby find that the rates proposed by applicant will not produce an excessive rate of return, are reasonable, and should be authorized.

Financial Responsibility

Applicant realizes that during the developmental period the rate of return, if any, will be considerably lower than 4.1% but it is willing to furnish the necessary funds for the development of the water system. The financial statement of applicant, introduced into evidence as Exhibit No. 1, shows assets of \$205,760 and liabilities of \$60,350, leaving a net worth of \$145,410, and indicates that this applicant is financially able to develop and operate the water system as proposed in its application.

Conclusions

The Commission has considered the request of applicant for a certificate of public convenience and necessity to construct and operate a public utility water system and is of the opinion that it should be granted.

The certificate issued herein 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 the Bowen Land Company, Inc., in Fresno County in the area consisting of approximately 30 acres known as Tract No. 1240, Bel Air No. 4 described as follows:

All of Lot 27 and the north one-half (N $\frac{1}{2}$) of Lot 26 of Perrin Colony No. 6,

and set forth on the map attached to the application on file herein; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted Bowen Land Company, Inc., to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File with this Commission, within thirty (30) days after the effective date of this order, in conformance with the provisions of General Order No. 96, four copies of the schedule of rates attached hereto as Exhibit A, together with four copies of rules and regulations and service area map and, on not less than five (5) days' notice to the public and this Commission, to make said rates, rules and regulations effective for all water service rendered on or after the first day of August, 1952.
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 100 feet to the inch, delineating by appropriate markings the tract of land and the territory served and the location of the property 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 30th day of June, 1952.

R. T. Anderson
President.

Harold P. Kuhl

Samuel H. Patten

John E. McCall

Commissioners.

EXHIBIT A
Page 1 of 2

Schedule No. 1

MONTHLY FLAT RATESAPPLICABILITY

Applicable to all unmeasured water service.

TERRITORY

In an unincorporated area of Fresno County, adjacent to the City of Fresno, as shown on a map included in the tariff sheets.

RATES

	<u>Per Month</u>
For a single family dwelling, located on a single lot, including 7,500 square feet of garden or lawn, through a 1-inch service	\$3.50
For each additional 100 square feet of garden or lawn ..	.05
For each evaporative, circulating-type air cooler25
For each evaporative, non-circulating type air cooler ..	.75

SPECIAL CONDITIONS

- Charges for air coolers in addition to the monthly dwelling rate will be normally made during the months of May, June, July, August and September, except in those cases where the consumer notifies the company, in writing, which months during the above period that the air cooling units will not be in service, provided that the unit is disconnected during said months, subject to inspection by company representatives.
- All service not covered by the above classifications will be furnished only on a metered basis.
- Meters may be installed at the option of the utility or customer for the above classifications, in which event service will thereafter be rendered only on the basis of Schedule No. 2 - General Metered Service.

EXHIBIT A
Page 2 of 2

Schedule No. 2

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all service rendered on a metered basis.

TERRITORY

In an unincorporated area in Fresno County adjacent to the City of Fresno, as shown on the map included in the tariff sheets.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cubic feet, or less	\$2.50
Next 2,000 cubic feet, per 100 cu. ft.20
Next 2,000 cubic feet, per 100 cu. ft.18
Next 5,000 cubic feet, per 100 cu. ft.15
Next 10,000 cubic feet, per 100 cu. ft.12
 Minimum Charge:	
For 5/8 x 3/4-inch meter	\$2.50
For 3/4-inch meter	3.00
For 1-inch meter	3.50
For 1 1/2-inch meter	4.00
For 2-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.