

**ORIGINAL**

Decision No. 47385

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of F. C. WARKENTIN to operate a )  
water system in Section 23, ) Application No. 33277  
Township 6 South, Range 12 East, ) (As Amended)  
M. D. B. & M., Merced County, )  
California; and to establish rates. )

F. C. Treadwell, for applicant;  
L. J. Duarte, for Manuel Smith, interested party;  
George F. Tinkler, for the Commission staff.

O P I N I O N

Applicant, F. C. Warkentin, filed his application on April 1, 1952, for a certificate of public convenience and necessity to operate a public utility water system in a subdivided area in Merced County known as Myrtle Acres, and for authority to charge the rates set forth in the application as amended. A map of the territory is attached to the application herein.

A public hearing in this proceeding was held before Examiner Cline at Atwater on May 22, 1952.

Description of System

Applicant began operating the water system about two years ago, and with the sale of lots in Myrtle Acres the system was gradually expanded. The subdivision contains 28 lots of which 20 have been sold to date and eight remain to be sold. Applicant has 21 consumers at the present time. He testified that full development of the subdivision would result in a possible increase in the number of consumers to 31.

Applicant obtains its water from a 6-inch cased well of unknown depth equipped with a jet pump driven by a 1½ hp electric motor. The well is located on a site 40 feet by 60 feet in size situated on Lot 24 which is owned by applicant. The water is delivered through two pressure tanks connected together and then distributed through 1,540 feet of steel mains which vary from 2 inches down to ¾-inch in diameter. Controls automatically maintain pressure between 40 and 60 pounds per square inch.

Certain mains have been laid in Winton Way which is a county road and in Center Street, a subdivision road which has been accepted by the county. Applicant stated that the only permission obtained from the county to lay these mains is a verbal approval obtained from one of the County Supervisors.

The system is also connected to an auxiliary well owned by the son of the applicant. The applicant has a verbal agreement with the son, which permits him to use the auxiliary well as required for standby purposes. Applicant testified that should this source of water supply be cut off, he would drill a second well of his own to be used for standby purposes.

Present and Proposed Rates

At the present time applicant is charging a flat rate of \$2 per month for water service to each single family dwelling.

In his amended application he proposes to charge a flat rate of \$2.50 per single family dwelling, and, as an alternative, meter rates as follows:

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cubic feet .....	\$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
Over 10,000 cubic feet, per 100 cu. ft. ....	.12

Flat rates are to be used except in those cases where

*Q-1* Applicant determines that the consumer is wasting water and ~~a meter is installed~~  
installs a meter.

Leonard B. Read, treasurer of the Winton Water Works, a public utility water system, serving the unincorporated town of Winton, testified that this utility does not wish and is not able to serve water to Myrtle Acres. Winton Water Works at present is charging a flat rate of \$2 per customer, but Witness Read testified that, in his opinion, a flat rate of \$3 per customer would be more nearly a reasonable rate.

Rate Base

The Commission staff engineer has determined the estimated historical cost, including overhead, of the facilities of the water system to be \$2,975 and the annual depreciation expense, based on the remaining life method, to be \$37.22 or 3.47% of the cost of depreciable properties. Deducting the amount of \$174.44 for two years' depreciation from \$2,975 leaves a rate base of \$2,800.

Revenues, Expenses and Earnings

Assuming 21 customers the Commission staff engineer estimated annual revenues to be \$630 at \$2.50 per month per customer and annual expenses to be \$450, leaving net earnings of \$180. On a rate base of \$2,800 these earnings would result in a rate of return of 6.3% which we hereby find to be reasonable. The rates to be authorized will be those proposed by applicant.

Financial Responsibility

The applicant, Mr. F. C. Warkentin, is a building contractor. The record shows that applicant has a sufficient net worth and annual income to enable him to operate the water system satisfactorily.

Negotiations for Transfer of System

Mr. L. J. Duarte, representing Mr. Manuel Smith, a contractor, testified that Mr. Smith is negotiating for the purchase of Winton Water Works, and if these negotiations are successful he intends to modernize the system in Winton. In such case he would also negotiate for the transfer of the water system in Myrtle Acres and if successful would connect the system to a 4-inch main. This witness stated, however, that Mr. Smith was only an interested party in this proceeding and was interposing no objection to the applicant's request for a certificate of public convenience and necessity.

Conclusion

In view of the record in this proceeding, we hereby find that public convenience and necessity require this Commission to grant applicant authority to construct and operate a public utility water system in the area known and referred to herein as Myrtle Acres, at the rates proposed by applicant. 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 annual 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.

Applicant is hereby placed on notice that he should obtain from the County of Merced whatever franchise may be necessary to authorize him to lay water mains in the county roads of Winton Way and Center Street, and in the event of the issuance of such franchise that he should file an application with this Commission for a certificate of public convenience and necessity authorizing him to exercise the rights granted by such franchise.

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 F. C. Warkentin in a resubdivided tract in Merced County known as Myrtle Acres and more particularly delineated upon the map attached to the application on file herein, being a portion of Lot 99-A, Merced Colony No. 2; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted F. C. Warkentin 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 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, 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 7<sup>th</sup> day of June, 1952.

[Signature]  
President.

[Signature]

[Signature]

[Signature]

Commissioners.

Commissioner JUSTUS F. CRAEMER being  
in the

EXHIBIT A  
Page 1 of 2

Schedule No. 1

FLAT RATE WATER SERVICE

APPLICABILITY

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

TERRITORY

In a territory known as Myrtle Acres, Merced County, as delineated on the map included in the tariff sheets.

RATES

	<u>Per Month</u>
Single family residence .....	\$2.50

SPECIAL CONDITIONS

1. All service not covered by above classification will only be furnished water on a measured basis.
2. Meters may be installed at option of utility or customer for above classification in which event service will thereafter be rendered only on the basis of Schedule No. 2, General Metered Water Service.

EXHIBIT A  
Page 2 of 2

Schedule No. 2

GENERAL METERED WATER SERVICE

APPLICABILITY

Applicable to all service rendered on a metered basis.

TERRITORY

In a territory known as Myrtle Acres, Merced County, as delineated on the map included in the tariff sheets.

RATES

Quantity Charge:	Per Meter* Per Month
First 1,000 cubic feet, or less .....	\$2.50
Next 2,000 cubic feet, per 100 cubic feet .....	.20
Next 2,000 cubic feet, per 100 cubic feet .....	.18
Next 5,000 cubic feet, per 100 cubic feet .....	.15
Over 10,000 cubic feet, per 100 cubic feet .....	.12

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$2.50
For 3/4-inch meter .....	4.00

\* Meter shall not exceed 3/4-inch in size.