

Decision No. 42453

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

Application of the KERNVILLE DOMESTIC)
WATER COMPANY, to increase flat rate)
charge. Public Utilities Code,)
Sec. 454.)

Application No. 33031

Andrew J. Patterson, in propria persona, applicant.
Clyde F. Norris, for the Commission staff.

O P I N I O N

Introductory Statement

Applicant, A. J. Patterson, operates for the United States Government a public utility water system, known as Patterson Water System, which serves the residents of Kernville, Kern County. This system was acquired by the United States Government from Mr. A. J. Patterson as it is located in the reservoir area of the Isabella Dam and Reservoir Project on Kern River. Upon completion of the project, Kernville will be abandoned and the Patterson Water System will cease all operations.

Several of the residents of the old townsite of Kernville have moved a few miles north to two new subdivisions known as Tract 1513 and Tract 1563 which together comprise an unincorporated area known as New Kernville. A map of these two subdivisions has been introduced into evidence in this proceeding as Exhibit No. 1. This new townsite is presently receiving water service from the applicant, A. J. Patterson, doing business as Kernville Domestic Water Company, under the rules, regulations and flat rate schedule of the Patterson Water Company.

The application herein has been filed by applicant for the purpose of obtaining authorization from this Commission to increase the rates being charged for service rendered to the residents of New Kernville and to have the Commission establish a uniform schedule of metered rates.

A public hearing on this application was held before Examiner Cline, Tuesday, May 20, 1952, at New Kernville. The matter was submitted and is now ready for decision.

Description of System

The water system was first developed to serve customers in Tract 1513. The water is obtained from a 42-inch diameter, 20-foot deep, dug well which produces approximately 250 gallons per minute. After chlorination at the well the water is pumped by means of a 5 h.p. electrically driven pump into two 500-gallon pressure tanks. From the tanks the water is delivered to customers at pressures ranging from 40 to 65 pounds per square inch through approximately 6,600 feet of distribution mains varying from 2 inches to 4 inches in diameter. Fire protection is provided in this area by five 3-inch wharf hydrants. The applicant invested in this system the proceeds from the sale of the Patterson Water System to the United States Government, as well as other funds of his own. There is no outstanding indebtedness.

The water system distribution facilities in Tract 1563 have been installed at the expense of the subdivider, the Kernville Development Co., under an arrangement whereby applicant pays to the subdivider one-half of the revenues received from water service in this area until such time as the subdivider has received one-half of the cost of the facilities. At that time all of the facilities in Tract 1563 will be turned over to applicant. These facilities consist of several thousand feet of distribution mains, a 20,000-gallon steel storage tank, and eight fire hydrants. To date these facilities have cost \$15,726.85, of which \$311.50 has been paid by applicant and the balance of which represents funds invested by the Kernville Development Company.

By reason of the expansion of the water system, applicant is drilling a second well at the place designated on the map introduced in evidence as Exhibit No. 1. Applicant testified that at

least a 10 h.p. motor will be installed at the new well and that his power bill will triple because of the increase in the number of consumers and because of the higher lift to the new storage tank in Tract 1563. . . A supply of water was reached in the first well at a depth of 20 feet. The new well has already been dug to a depth of 35 feet and an effort is now being made to obtain an adequate supply of water by drilling deeper.

Applicant testified that he has obtained from the county the necessary permits to enable him to lay his water mains in the county roads and alleys.

Applicant further testified that no other water system serves or is able to serve water for domestic consumption in New Kernville. The record shows that the rights previously held by the owners of the ranch now being subdivided to take water from the Kern River for irrigation purposes have been transferred to purchasers of lots in the subdivision. Such irrigation water is available from an irrigation ditch maintained by the property owners on a cooperative basis. Some consumers, however, desire to use water furnished by applicant to irrigate all or a part of their property because of the expense involved in diverting water to their property from the irrigation ditch.

As of December 31, 1951, 36 customers were being served by applicant. At the hearing applicant testified that he was serving 51 customers and that within the next six months 12 new services would be added. There are 233 lots in the two subdivisions plus an additional six or seven lots which may be later subdivided which can be served by applicant's water system.

Present and Proposed Rates

The flat rates which applicant is presently charging and (the proposed rates) are as follows:

	<u>Rates per Month</u>	
	<u>Present</u>	<u>Proposed</u>
Dwelling with bath, household only	\$ 2.00	\$ 2.50
Yard irrigation in connection with dwelling on 50-foot lot	1.00 (March through October)	1.50 (For 12 Months)
Yard irrigation of vacant lot	2.00 (March through October)	.50 per 1,000 sq. ft. (May through Oct.)
Circulating evaporating type water coolers	No Charge	.25 (May through Oct.)

Applicant also requests authority to establish flat rates for certain services which have previously not been listed in his schedule of rates, and he has requested the Commission to establish an alternative schedule of metered rates.

Rate Base

The Commission staff engineer in Exhibit No. 2 shows a rate base of \$13,286 for the immediate future. He testified that he included no part of the facilities in Tract 1563 because they are owned by the subdivider. As the testimony of witness A. J. Patterson shows that he has invested \$311.50 in the facilities in Tract 1563, this amount will be added to the staff engineer's estimate to arrive at a rate base of \$13,597.50 which will be used by the Commission for making computations in this proceeding.

Revenues, Expenses and Earnings

The Commission engineer's report, as adjusted, showed the estimated annual operating revenues for the immediate future to be \$3,535; the maintenance and operation expenses as \$3,180, resulting in a net revenue of \$355. This latter sum will produce a return of 2.6% on the rate base of \$13,597.50, which is considered a reasonable return on an investment in a system that is still in a development stage.

Consumer Interest

A relatively large number of consumers appeared at the hearing, many of whom participated by making statements from the witness stand and by questioning witnesses.

Some of the consumers opposed any rate increase on the grounds that the future anticipated increase in the number of consumers, as a result of construction of new homes and business establishments, will result in additional revenues; that consumers should be required to pay flat rates for water used for irrigation only during months when such use is ordinarily made of water; that many of the residents of New Kernville are pensioners and cannot afford an increase in water rates; and that the actual gasoline expense of applicant is higher than should be allowed by the Commission because applicant lives in Bakersfield.

Some objection was expressed because applicant, in the middle of 1951, commenced charging \$1 per month for the use of water for irrigation purposes in addition to the charge for service for household use. This was explained at the hearing by testimony to the effect that the original schedule of rates did not contemplate the use of water for irrigation purposes and that the additional charge was made only after the filing of the new rate with the Commission on June 11, 1951.

Other consumers testified that they believe an increase in the water rates is justified and they are in favor of the Commission's authorizing an increase.

Conclusions

We hereby find that the applicant A. J. Patterson, doing business as Kernville Domestic Water Company, is engaged in the operation of a public utility water system in the unincorporated area known as New Kernville, Kern County, and that public convenience and necessity require this Commission to permit applicant to continue to do so at the rates authorized in Exhibit A attached hereto, which rates we hereby find to be reasonable.

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 require the operation of a public utility water system by A. J. Patterson, doing business under the name of Kernville Domestic Water Company, in the subdivisions known as Tract 1513 and Tract 1563 which together comprise the unincorporated town of New Kernville and which are more particularly delineated upon the map introduced into evidence in this proceeding as Exhibit No. 1, and that the increases in rates and charges authorized herein are justified; therefore,

IT IS HEREBY 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 acceptable to this Commission, 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 60 feet to the inch, delineating by appropriate markings the tracts 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 8th day of July, 1952:

[Signature]

 President.
Justice J. Casper

Harold P. Hula

[Signature]

Commissioners.

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

EXHIBIT A
Page 1 of 4

Schedule No. 1

FLAT RATE WATER SERVICE

APPLICABILITY

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

TERRITORY

In and in the vicinity of the unincorporated town of New Kernville, Kern County, as delineated on the map contained in the tariff schedules.

RATES

	<u>Per Month</u>
Dwelling without bath, household use only	\$1.50
Each additional dwelling without bath located on the same lot and served through the same service connection, household use only	1.00
Dwelling with bath, household use only	2.50
Each additional dwelling with bath located on the same lot and served through the same service connection, household use only	2.00
Yard irrigation in connection with dwelling for first 7,500 square feet including area on which dwelling is situated. (Service to be used only during and charge to be made only for months March through October, both inclusive. Not included in dwelling charge.)	1.50
Yard irrigation in connection with dwelling for area in excess of 7,500 square feet including area on which dwelling is situated. (Service to be used only during and charge to be made only for months March through October, both inclusive. Not included in dwelling charge.)50 per 1,000 sq. ft.

EXHIBIT A
Page 2 of 4

Schedule No. 1

FLAT RATE WATER SERVICE
(Continued)

<u>RATES</u> (continued)	<u>Per Month</u>
Irrigation use not in connection with dwelling. (Service to be used only during and charge to be made only for months May through October, both inclusive.)50 per 1,000 sq. ft. (\$2.50 minimum)
Motels and hotels, first unit including living quarters	2.50
Each additional motel and hotel unit up to and including 10	2.00
Each additional motel and hotel unit over 10	1.50
Small commercial establishments with toilet and lavatory facilities only	2.50
Service stations and garages	4.00
Restaurants, bars and I.O.O.F. Hall	5.00
Circulating evaporative type water coolers. (Service to be used only during and charge to be made only for months May through October, both inclusive.)25
Water wasting evaporative type coolers. (Service to be used only during and charge to be made only for months May through October, both inclusive.)	1.00

Schedule No. 1

FLAT RATE WATER SERVICE
(Continued)

SPECIAL CONDITIONS

1. All services not covered by above classifications will be furnished water only on a measured basis. X
2. Under no circumstances will irrigation be permitted through open hoses.
3. Meters may be installed at the option of the utility or the consumer only for above service classifications where the flat rate or the combined flat rates equal \$2.50 or more per month, in which event service will thereafter be rendered only on the basis of Schedule No. 2, General Metered Water Service.

EXHIBIT A
Page 4 of 4

Schedule No. 2

GENERAL METERED WATER SERVICE

APPLICABILITY

Applicable to all service rendered on a metered basis.

TERRITORY

In and in the vicinity of the unincorporated town of New Kernville, Kern County, as delineated on the map contained in the tariff schedules.

RATES

Quantity Charges:	<u>Per Meter</u> <u>Per Month</u>
First 700 cubic feet, per 100 cu. ft.	\$ 0.35
Next 1,300 cubic feet, per 100 cu. ft.30
Next 2,000 cubic feet, per 100 cu. ft.25
Next 3,000 cubic feet, per 100 cu. ft.20
Over 7,000 cubic feet, per 100 cu. ft.15
 Minimum Charges:	
For 5/8 x 3/4-inch meter	\$ 2.45
For 3/4-inch meter	4.00
For 1-inch meter	6.00
For 1 1/2-inch meter	10.00
For 2-inch meter	16.00

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