

**ORIGINAL**

Decision No. 47659

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of FRUITLAND WATER COMPANY, a )  
corporation, for a permit to sell )  
and issue its shares and for the )  
issuance of a certificate of ) Application No. 33233  
public convenience and necessity ) (Amended)  
to operate a water system in )  
Monterey County. )

Wycoff, Gardner, Parker and Boyle, by Harry M. Parker,  
for applicant; Peter Secondo and Cesare de Rose,  
stockholders; George F. Tinkler, for the Commission  
staff.

O P I N I O N

In this application, filed March 21, 1952, as amended  
June 17, 1952, Fruitland Water Company, a California corporation,  
asks for a certificate of public convenience and necessity to  
operate and maintain a public utility water system to be known as  
the Fruitland Water Company within an area known as the Fruitland  
subdivision situated approximately 1½ miles southeast of  
Watsonville, Santa Cruz County.

A public hearing in this proceeding was held before  
Examiner Emersen at Watsonville on July 17, 1952.

The proposed service area comprises approximately 75 acres  
of land and is delineated on Chart No. 1 of Exhibit No. 1 in this  
proceeding.

Applicant corporation was formed by residents in the area  
in order to obtain an assured supply of water. Several years prior  
to the formation of the corporation, a water system was constructed  
by D. O. Colegrove, the president of applicant. Water has been

supplied to any and all persons that became residents of said Fruitland subdivision.

At present the system obtains its water from two wells; one, a 12-inch cased well drilled 90 feet deep and the other a 10-inch cased well drilled 70 feet deep. Each well is equipped with an electrically driven turbine pump. The wells are located on an 8/10-acre parcel of land now owned by D. O. Colegrove and his wife. The water is pumped directly into the mains. Storage is provided by a 5,000-gallon tank on a 32-foot tower and then distributed through 3,180 feet of mains that vary from 3 inches to 1 inch in diameter.

Applicant testified that title to land for the well and tank sites together with rights of way for mains would be transferred to the corporation.

There are at present 16 consumers served, and it is estimated by applicant that there may be as many as 150 families who will take service in the future when the tract is fully developed.

Applicant has proposed the following rates:

General Metered Service

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 cubic feet . . . . .	.176
Next 2,000 cubic feet, per 100 cubic feet . . . . .	.143
Next 5,000 cubic feet, per 100 cubic feet . . . . .	.121
Next 10,000 cubic feet, per 100 cubic feet . . . . .	.110
Next 20,000 cubic feet, per 100 cubic feet . . . . .	.09

Minimum Charge:

For 5/8 x 3/4-inch meter . . . . .	\$ 2.50
For 3/4-inch meter . . . . .	2.50
For 1-inch meter . . . . .	2.90
For 1 1/2-inch meter . . . . .	3.30
For 2-inch meter . . . . .	4.15
For 4-inch meter . . . . .	11.00

Irrigation Rates

Quantity Charge:	<u>Per Meter Per Month</u>
Per 100 cubic feet . . . . .	\$ .09
Minimum Charge . . . . .	5.00

Estimates of system costs, revenues and expenses, for the immediate future, together with supporting testimony, were presented by applicant and by the Commission staff. These are summarized as follows:

Item	Amount	
	Applicant	Staff
Total System Cost including DeRose Well not including Secondo Tract Main	\$12,188.24	\$13,865
Cost of 600 feet Secondo Tract Main	320.00	-
Materials and Supplies	100.00	-
Total	<u>12,608.24</u>	<u>13,865</u>
Operating Revenues	-	850
Expenses	325.22	700
Estimated Net Revenues	-	150

From the foregoing tabulation it is apparent that applicant will experience little return on its investment during the initial stages of development. Applicant's witness testified that no dividends were contemplated to be declared and that all revenues would be required to maintain and operate the system. The rates presented were not objected to at the hearing, appear to be reasonable and will be authorized with minor modifications of the General Metered Service schedule which will simplify calculation of charges under this schedule and spread meter minimums in proportion to meter capacity. Such modifications will equitably spread charges between small and large users. Applicant's proposed Irrigation Service schedule is for service which is interruptible at any time when either quantity of water supply or system capacity for regular service may become impaired. Under the circumstances the irrigation rate appears to be reasonable and will be authorized. Applicant

contemplates serving only one customer with irrigation service. Any irrigation service, however, will be individually metered.

The record in this proceeding shows that portions of the water system as it now exists are owned, free of debt, by Don Oliver Colegrove, president of the Fruitland Water Company, and Loma M. Colegrove, his wife; Cesare de Rose and Peter Secondo. The portion now owned by each of the said parties is shown tabulated as follows:

Description of Property	Name of Owner	Estimated Historical Cost
Land, consisting of well site rights of way, and tank site, one well with 10-inch casing, one electrically driven pump, 3,900 feet of mains and services, one 5,000-gallon tank and tower	Don O. and Loma M. Colegrove	
Certain rights of way	James H. Willey	
Well with 12-inch casing, one electrically driven pump	Cesare de Rose	
Subtotal		<u>12,188.24</u>
Mains and services in Secondo Tract Peter Secondo		320.00
Total Historical Cost		<u>12,508.24</u>

In order to finance the acquisition of this utility property and provide funds to pay for organization cost, the applicant proposes to issue 1,073 shares of its \$10 par value common stock of an aggregate par value of \$10,730. From the foregoing it appears that the corporation does not intend to fully capitalize itself at this time.

No person came forward to express any objection to the granting of a certificate to the applicant. No other water utility service is available to the area.

In view of the record in this proceeding, we are of the opinion that public convenience and necessity requires and will require that the applicant be granted a certificate for the area

requested. 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 tax or annual charge) actually paid to the State as the consideration for the issuance of such a 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 require and will require the acquisition and operation, as a public utility by applicant, of the water system now owned and operated by Don O. Colegrove, in Monterey County, within the territory delineated on the map marked Chart No. 1 attached to Exhibit No. 1 in this proceeding; therefore,

IT IS ORDERED that a certificate of public convenience and necessity be and it hereby is granted Fruitland Water Company to acquire and operate a public utility water system for the distribution and sale of water in the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED as follows:

1. For the purpose of financing the acquisition of the public utility water system proposed in this application, applicant, after the date hereof and on or before December 31, 1952, may issue and sell at not less than par, not exceeding \$10,730 of its common stock, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of the capital stock herein authorized is reasonably required for the purposes specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

2. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24-A which order, in so far as applicable, is made a part of this order.
3. Applicant shall file in quadruplicate with the Commission, on or before September 26, 1952, the rates set forth in Exhibit A, attached to this order, to be effective on October 1, 1952, together with rules and tariff service area map in accordance with the requirements of General Order No. 96.
4. Applicant shall file within thirty (30) days after the system is acquired, four (4) copies of a comprehensive map, drawn to an indicated scale of approximately 100 feet to the inch, delineating thereon by appropriate markings the various tracts of land and territory served and the location of the properties of applicant.

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

Dated at San Francisco California, this 2<sup>nd</sup> day of September, 1952.

R. J. [Signature]  
President  
Justice J. [Signature]  
[Signature]  
[Signature]

Commissioners.

EXHIBIT A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered service for general residential, commercial and industrial usage.

TERRITORY

Throughout the entire territory served as delineated on maps included in the tariff sheets.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
First 1,000 cu.ft. or less . . . . .	\$ 2.50
Next 2,000 cu.ft., per 100 cu.ft. . . . .	.18
Next 2,000 cu.ft., per 100 cu.ft. . . . .	.14
Next 5,000 cu.ft., per 100 cu.ft. . . . .	.12
Next 10,000 cu.ft., per 100 cu.ft. . . . .	.11
Next 20,000 cu.ft., per 100 cu.ft. . . . .	.09

Minimum Charge:

For 5/8 x 3/4-inch meter . . . . .	\$ 2.50
For 3/4-inch meter . . . . .	3.45
For 1-inch meter . . . . .	5.35
For 1 1/2-inch meter . . . . .	9.30
For 2-inch meter . . . . .	14.15
For 3-inch meter . . . . .	23.15
For 4-inch meter . . . . .	34.65

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

EXHIBIT A  
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Schedule No. 2

GENERAL IRRIGATION SERVICE

APPLICABILITY

Applicable to all interruptible irrigation service for agricultural usage separately metered.

TERRITORY

Throughout the entire territory served as delineated on maps included in the tariff sheets.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
For any quantity, per 100 cubic feet . . . .	\$0.09
Minimum Charge:	
For any size meter . . . . .	5.00

SPECIAL CONDITIONS

1. Water for irrigation service under this schedule is surplus water available after all requirements for domestic use under Schedule No. 1 are satisfied. Such service is interruptible at any time when general metered service demands leave no surplus water.
2. Service for agricultural usage on a noninterruptible basis will be provided only under Schedule No. 1.