

ORIGINAL

Decision No. 48319

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of M. E. WALKER, to)
operate a water system for)
Tract 1249, County of Fresno; to)
establish rates; and to issue a) Application No. 33919
\$3000.00 note, under Sections)
1001, 22, and 85 respectively of)
the Public Utilities Code)

Ernest H. Tuttle, for applicant.
Clyde F. Norris, for the Commission staff.

O P I N I O N

Nature of Proceeding

M. E. Walker herein requests a certificate of public convenience and necessity to construct and operate a public utility water system near Parlier, Fresno County, and to have established a schedule of rates for the proposed service. Authority to issue a note is also requested.

Public Hearing

The application was filed on December 3, 1952, and a public hearing was held before Examiner Gillard in Parlier on January 20, 1953. There were no protests to the application. The matter was submitted for decision on January 23, 1953, upon receipt of a late-filed exhibit.

Proposed Service Area and Water System

Applicant owns Tract No. 1249, Fresno County, consisting of 20 acres and located 1½ miles west of Parlier. He proposes to subdivide the area into 95 lots, most of which are 50 x 135 feet in size. He hopes to build about 25 homes this year and to complete the construction work in five years.

Lot No. 45 will be dedicated to the water system. A well 115 feet deep with a 12-inch casing was drilled in 1946, and a 15 hp electric motor driven turbine and 2,000-gallon pressure tank have been installed. On a free flow test, the pump produced 549 gpm. The tract is to be served by a complete loop of 4-inch welded steel pipe, dipped and wrapped.

Financing

Capital charges to date are \$3,715 and it is estimated that \$4,500 more will be needed to complete the system. In the application applicant requested authority to issue a \$3,000 note. In his testimony, however, he indicated that part of his financing could come from loans upon his unencumbered improved real properties and that the proposed bank loan of \$3,000 would not be forthcoming. Under these circumstances and until applicant's plans have crystallized, the request for authority to issue a \$3,000 note will not be granted. Applicant should file an appropriate application for such authority as is needed.

Other Available Water Supply

The Whitener Heights Water Company is located 1/2 mile from the proposed subdivision, and the municipal water system of Parlier is located 1 1/2 miles therefrom. Neither of these water systems protested the granting of this certificate, and the application alleges they refuse to extend their water facilities to the land in question. No other public water supply is available to the proposed subdivision.

Proposed Rates

Applicant has proposed the following rates:

Flat Rates

	<u>Per Month</u>
For each residence	\$2.50
For each additional residence located on same lot receiving water service through same service connection	1.50
For each irrigated lot, summer months	2.50
For each water wasting evaporative type water cooler, summer months50

Meter Rates

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 700 cu.ft. or less.....	\$2.25
Next 1,300 cu.ft., per 100 cu.ft.....	.30
Next 3,000 cu.ft., per 100 cu.ft.....	.20
Next 5,000 cu.ft., per 100 cu.ft.....	.15
Over 10,000 cu.ft., per 100 cu.ft.....	.12

Minimum Charge:

For 5/8 x 3/4-inch meter.....	\$2.25
For 3/4-inch meter.....	3.00
For 1-inch meter.....	4.00
For 1 1/2-inch meter.....	7.00
For 2-inch meter.....	15.00

Estimated Revenue and Expense

When the subdivision is fully developed, with one house on each lot, the basic flat rates will produce \$2,820 annually. Applicant, however, does not expect more than \$2,400 from a maximum development of 80 homes in approximately five years. Applicant did not develop depreciation expenses, but from the evidence of record the first year's expenses are estimated to be approximately \$1,000, allocated thusly: power \$200, supervision and maintenance \$420, depreciation \$290, and taxes \$100. The power costs are predicated upon the consumer requirements for 25 homes for the first year. A subdivision of that size would produce \$750 revenue annually.

Rate Base

The evidence of record discloses fixed capital charges for this system as follows:

<u>Item</u>	<u>Amount</u>
Land	\$ 500
Well	440
Pump	2,240
Tank	535
Distribution Mains	<u>4,500</u>
Total Capital	8,215

Conclusions and Findings

During the developmental period of this subdivision, applicant will sustain a loss from the operation of this water system. It is expected, however, that the proposed rates will produce a return in later years. From all the circumstances it appears that the proposed rates are just and reasonable and will be authorized.

The record in this proceeding supports the conclusion that public convenience and necessity require and will require that applicant be granted a certificate as requested. The certificate of public convenience and necessity hereinafter 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 certificate of public convenience and necessity or right.

ORDER

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 construction and operation of a public utility water system by M. E. Walker in Bethel Tract, Tract No. 1249 near Parlier, Fresno County, in the area more particularly delineated upon the map received herein as Exhibit No. 6; therefore,

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

IT IS FURTHER ORDERED that applicant shall:

1. File in quadruplicate the rates set forth in Exhibit A attached to this order, to be effective on or before the date service is rendered to the public, together with rules and regulations and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. Notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.
3. File within forty days after the system is placed in operation four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the land and territory served and the location of the various properties of applicant.

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

Dated at South Francisco, California, this 2nd day of March, 1953.

[Signature]
 _____ President.
Justus J. Chalmer
[Signature]

[Signature]
[Signature]
 _____ Commissioners.

EXHIBIT A
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Schedule No. 1

FLAT RATE WATER SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area near Parlier known as Bethel Tract, Tract No. 1249, Fresno County.

RATES

	<u>Per Month</u>
For each residence including premises not exceeding one lot	\$2.50
For each additional residence located on the same lot and receiving water service through the same service connection	1.50
For irrigation of gardens on adjoining lots when service is rendered through the same service connection used for residence, during the months April through September, inclusive, per lot served ..	2.50
For each water wasting type evaporative cooler during the months May through October, inclusive50

SPECIAL CONDITIONS

1. Flat rate charges are payable monthly in advance.
2. All service not covered by the above classifications will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 2, General Metered Water Service.

EXHIBIT A
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Schedule No. 2

GENERAL METERED WATER SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area near Parlier known as Bethel Tract, Tract No. 1249, Fresno County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 700 cu.ft. or less.....	\$2.25
Next 1,300 cu.ft., per 100 cu.ft.....	.30
Next 3,000 cu.ft., per 100 cu.ft.....	.20
Next 5,000 cu.ft., per 100 cu.ft.....	.15
Over 10,000 cu.ft., per 100 cu.ft.....	.12
Minimum Charge:	
For 5/8 x 3/4-inch meter.....	\$2.25
For 3/4-inch meter.....	3.00
For 1-inch meter.....	4.50
For 1 1/2-inch meter.....	7.00
For 2-inch meter.....	15.00

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