

Decision No. 48323

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Mendocino Heights Water Company, a partnership, to operate a water system in Mendocino Heights, a suburb near Kingsburg, Fresno County, and to establish rates.)
Application No. 33843)

L. J. Martin, for applicants.
Clyde F. Norris, for the Commission staff.

O P I N I O N

Nature of Proceeding

C. L. Wilson and Philip Olson, copartners doing business as Mendocino Heights Water Company, request a certificate of public convenience and necessity to operate a public utility water system in a subdivision located one-quarter mile north of the city limits of Kingsburg, and to have established a schedule of rates for the proposed service.

Public Hearing

The application was filed on October 29, 1952, and a public hearing was held before Examiner Gillard in Kingsburg on January 20, 1953, during which no objection was raised to the granting of the certificate. The matter was submitted on January 26, 1953 upon receipt of a late-filed exhibit.

Proposed Service Area and Water System

Applicants own 40 acres of land which they request to be included within the service area. At the present time the southerly 20 acres are being subdivided into 45 residential lots. Plans for the future development of the northerly 20 acres call for 48 residential lots.

There are two wells located on the northerly half of the 40 acres which have been deeded by the former individual owners to the partnership. The "Olson" well is a 10-inch cased well, 137 feet deep and equipped with a turbine pump, directly connected to a 7-1/2 hp electric motor. The well has been tested and will produce 229 gpm. The "Wilson" well is a 10-inch cased well, 111 feet deep. A test produced 535 gpm on a free flow basis. This well at present is equipped with a pump which is used for irrigation purposes.

Applicants propose to use the "Olson" well, after installing a 3,000-gallon pressure tank, as long as it supplies an adequate quantity of water. When the demands of the growing subdivision so require, the "Wilson" well will be equipped with a 15 hp turbine pump and 3,000-gallon pressure tank. The distribution system will consist of approximately 2,900 feet of 4-inch distribution mains.

Financing

The cost of the completed system is estimated to be approximately \$11,500 and will be financed by applicants on a cash basis, augmented as required by personal loans that will not be a lien on the system. The assets of the individual partners appear to be adequate for these purposes.

Other Available Water Service

Residents in areas adjoining Mendocino Heights supply their own water through individual wells. The municipal water system of Kingsburg serves only within the city limits. The city was served with a notice of this hearing but did not appear.

Proposed Rates

Applicants have proposed the following rates:

FLAT RATES

	<u>Per Month</u>
Winter months, October through March, all users	\$3.50
Summer months, April through September	
For each dwelling on lots 13,125 square feet in area or less.....	4.50
For each additional 100 square feet of lot area02

METER RATES

Quantity Rates:	<u>Per Meter Per Month</u>
First 7,000 gallons or less	\$1.50
Next 18,000 gallons, per 1,000 gals.10
Next 5,000 gallons, per 1,000 gals.08
Next 25,000 gallons, per 1,000 gals.05
Service charge50

Service connection charge \$12.50

Estimated Revenue

In the proposed 45-lot subdivision there are 36 lots, each containing 13,125 square feet. Nine others range upward in size to 35,465 square feet. Under the proposed flat rates, the monthly water rate for these nine lots would range from \$5.28 to \$8.97. When the subdivision is fully developed, the flat rates would produce \$2,280 annual gross revenue.

Rate Base

Based upon the record, the estimated fixed capital charges for the 20-acre subdivision, including two wells and well sites and the necessary addition of a 15 hp pump and 3,000-gallon pressure tank to the "Wilson" well, are summarized as follows:

<u>Item</u>	<u>Amount</u>
Olson well and site	\$ 500
Wilson well and site	750
Two 3,000-gallon pressure tanks	1,900
Olson 1/2-hp pump	1,155
Wilson 15 hp pump	2,000
Distribution mains	5,037
Total	<u>11,342</u>

Estimated Expenses

When the subdivision is completely built up and the water system in full operation for 45 homes, applicants estimate their expenses will be:

<u>Item</u>	<u>Amount</u>
Power	\$ 600
Repairs	200
Wages	600
Depreciation	400
Taxes	180
Total	<u>1,980</u>

Conclusions and Findings

In our opinion there is too great a disparity between the proposed flat rates and meter rates. The minimum charge portion of the latter will be increased and will include the proposed service charge. The proposed service connection charge is a capital expenditure and will be disallowed as a portion of the meter rates. Also, the quantity rate portion will be increased to harmonize with the increased minimum charge, and the consumption blocks will be expressed in cubic feet rather than gallons.

In our opinion the basic flat rate charges should be uniform throughout the year, and the excess area charges should be expressed in blocks. The latter should simplify bookkeeping and billing. The flat rates being authorized herein are estimated to produce \$2,142 annual gross revenue for the fully developed subdivision. These rates appear to be just and reasonable.

Under the circumstances presented, it appears that public convenience and necessity require and will require that applicants be granted a certificate as requested for the area set forth on the map received as Exhibit No. 4 herein. 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 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 construction and operation of a public utility water system by C. L. Wilson and Philip Olson, in a subdivided tract near Kingsburg, Fresno County, in the area more particularly delineated upon the map marked Exhibit No. 4 in this proceeding; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to C. L. Wilson and Philip Olson to construct and operate a public utility water system to be known as Mendocino Heights Water Company for the distribution and sale of water within the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED that applicants 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 applicants.

The authorization herein granted will lapse if not exercised within one year from the date hereof.

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

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

[Signature]
President.

Justin J. Casner

Harold Kula

[Signature]

[Signature]
Commissioners.

EXHIBIT A
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Schedule No. 1

FLAT RATE WATER SERVICE

APPLICABILITY

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

TERRITORY

In the unincorporated area known as Mendocino Heights about 1/4 mile north of Kingsburg, in Fresno County.

RATES

	<u>Per Month</u>
For each residence situated upon a lot containing an area of:	
13,500 square feet or less	\$ 3.50
13,500 sq.ft. to 16,500 sq.ft.	4.00
16,500 sq.ft. to 19,000 sq.ft.	4.50
19,000 sq.ft. to 21,500 sq.ft.	5.00
21,500 sq.ft. to 24,000 sq.ft.	5.50
24,000 sq.ft. to 26,500 sq.ft.	6.00
26,500 sq.ft. to 29,000 sq.ft.	6.50
29,000 sq.ft. to 31,500 sq.ft.	7.00
31,500 sq.ft. to 34,000 sq.ft.	7.50
34,000 sq.ft. to 36,500 sq.ft.	8.00
36,500 sq.ft. to 39,000 sq.ft.	8.50
39,000 sq.ft. to 41,500 sq.ft.	9.00
41,500 sq.ft. to 44,000 sq.ft.	9.50
44,000 sq.ft. to 46,500 sq.ft.	10.00
For each additional residence served through the same service connection	2.00

SPECIAL CONDITIONS

1. Flat rate charges are payable monthly in advance.
2. 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

In the unincorporated area known as Mendocino Heights about 1/4 mile north of Kingsburg, Fresno County.

RATES:

Quantity Rates:	Per Meter Per Month
First 1,000 cu.ft. or less	\$3.00
Next 4,000 cu.ft., per 100 cu.ft.25
Next 5,000 cu.ft., per 100 cu.ft.20
Next 10,000 cu.ft., per 100 cu.ft.15
Over 20,000 cu.ft., per 100 cu.ft.10
Minimum Charge:	
For 5/8 x 3/4-inch meter	3.00
For 3/4-inch meter	4.50
For 1-inch meter	6.00

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