

Decision No. 49224

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
MERTIE NISSEN, doing business as)	
CHUALAR WATER WORKS, Monterey County,)	Application No. 34225
California, for Certificate of Public)	(Amended)
Convenience and to establish rates.)	

Rosendale, Thomas, Muller & Talcott,
by Edson J. Thomas, for applicant.
Bernard Corden, for the Commission staff.

O P I N I O N

Nature of Proceeding

Mertie Nissen, by the above-entitled application filed April 8, 1953, requests a certificate of public convenience and necessity to operate a public utility water system in the unincorporated community of Chualar, Monterey County, and to have established a schedule of rates for such service. An amendment to the application was filed August 6, 1953.

Public Hearing

A public hearing was held before Examiner Silverhart in Salinas on September 14, 1953, and the matter submitted on such date. No objection was raised to the granting of the certificate.

Proposed Service Area and Water System

The service area is situated approximately 11 miles south of Salinas and contains some 110 acres. The water system was constructed in 1931. The area requested to be certificated herein is bounded generally by Lincoln Street on the north; an unnamed street and Chualar River Road on the east; the Southern Pacific Railroad on the south; and Payson Street on the west. Block 8, the property of Chualar Union School District, is not included within such area.

Two wells, one of which is 10 inches in diameter, 160 feet deep and equipped with a 3 hp turbine pump, and the other 8 inches in diameter, 160 feet deep and equipped with a 2 hp jet pump are located on Block 10. Said block is owned by applicant. Two 4,000-gallon wooden stave tanks, elevated on 25-foot wooden towers, are located immediately above the wells. Applicant rents a third well and tank situated in Block 6. This well is equipped with a 3 hp jet pump and delivers water directly into a 2,100-gallon tank and thence into the system. The distribution system contains approximately 7,800 feet of mains which range in size from 4 to 1½ inches in diameter, of which 6,070 feet are of 2-inch diameter and 1,230 feet are of 2½-inch diameter.

Financing

According to applicant's testimony the cost of the existing system has been fully paid and the costs of extensions thereof and new equipment are to be paid from applicant's funds or from the proceeds of loans to be obtained for such purpose.

Other Available Water Supply

It appears that there is no other public water supply available to serve the hereinabove designated area.

Proposed Rates

Applicant has proposed the following rates as shown in the application.

<u>"GENERAL METERED SERVICE</u>		<u>Per Meter</u>
Quantity Charge:		<u>Per Month</u>
First 1,000 cu.ft. or less		\$2.00
Next 3,000 cu.ft., per 100 cu.ft.15
Over 4,000 cu.ft., per 100 cu.ft.10
Minimum Charge		\$2.00

The minimum charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the quantity rates.

"UNMETERED SERVICE FLAT RATE

For unmetered service a minimum flat rate charge of \$2.00 for a one family residence and an additional charge of \$1.50 per each additional family. Reservation of right to install meters and charge metered rates therefor at any time."

Estimated Revenue and Expense

Applicant is presently serving 46 consumers on a metered basis and 21 on a flat rate basis. It was estimated by the Commission staff witness that for the year 1953, the proposed rates will produce an estimated revenue of \$2,489, and that operating expenses including taxes and depreciation expense will total \$2,234.

The Commission staff engineer computed depreciation on a straight-line remaining life basis. Depreciation expense for the year 1953 was estimated by the staff engineer at \$300. This expense results in a composite annual depreciation rate of 3.34 per cent of the average depreciable plant. The order which follows will require applicant to base future book depreciation accruals on the composite rate developed by the staff engineer as indicated above.

Rate Base

An appraisal made by the staff witness and shown in Exhibit No.-3 shows fixed capital charges for this system as follows:

Item	Amount	
	Actual as of 12-31-52	Estimated as of 12-31-53
Organization	\$ -	\$ 50
Structures	-	200
Wells	1,150	1,150
Pumping Equipment	1,320	1,320
Mains	3,741	3,741
Storage Tanks	910	960
Services	620	620
Meters	1,104	1,174
Total	8,845	9,215

The Commission engineer recommended that applicant initiate a program to improve water pressure and the capacity of

the distribution mains as funds become available. He further recommended that access to the storage tanks be made safer for operating personnel and that unauthorized persons be restricted from access to the wells, pumps and storage tanks by adequate barriers. Applicant will be expected to carry out these recommendations without undue delay.

Conclusions and Findings

It appears that the proposed rates are just and reasonable and they will be authorized as set forth in Appendix A attached to the ensuing order.

Under the circumstances presented, it appears that public convenience and necessity require and will require that applicant be granted a certificate to serve water in the area shown on the drawing attached to the application as "Exhibit A". The certificate of public convenience and necessity hereinafter granted 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.

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 operation of a public utility water system by Mertie Nissen in the unincorporated area of Chualar, Monterey County, and more particularly delineated in red upon the drawing attached to the application as "Exhibit A"; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Mertie Nissen to operate a public utility water system for the distribution and sale of water within the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED that applicant:

1. Is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedules of rates shown in Appendix A attached hereto, together with rules and regulations and tariff service area map acceptable to this Commission, and, on not less than five days' notice to the public and to this Commission, make said rates, rules and regulations effective for all water service rendered on and after November 16, 1953.
2. Shall file with this Commission, within forty days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale not smaller than 200 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of the various properties of applicant.
3. Shall base future accruals to the reserve for depreciation upon a spreading of the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; further, applicant shall review such accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

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

Dated at San Francisco, California, this 20th day of (October), 1953.

R. Z. [Signature]
President

James J. [Signature]

Samuel [Signature]

John E. [Signature]

Verne [Signature]
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In the unincorporated town of Chualar and vicinity, Monterey County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cu.ft. or less	\$2.00
Next 3,000 cu.ft., per 100 cu.ft.15
Over 4,000 cu.ft., per 100 cu.ft.10

Minimum Charge:

For 5/8 x 3/4-inch meter	\$2.00
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The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

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Schedule No. 2

FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service rendered at flat rates.

TERRITORY

In the unincorporated town of Chualar and vicinity, Monterey County.

RATES

Per Month

For each single family residence, including premises	\$2.00
For each additional residence unit on the same premises ..	1.50
For each business establishment	2.00

SPECIAL CONDITIONS.

1. All service not covered by the above classifications will be furnished only on a metered basis.

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. 1, General Metered Service.