

ORIGINALDecision No: 50880

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Sam Fingerhut and Rae G. Fingerhut)	
for a certificate of public)	
convenience and necessity and for)	Application No: 35580
the establishment of rates for water)	
service to Greenfield Park and)	
vicinity in Kern County.)	

John C. Luthin, for applicant.
W. B. Stradley, for the Commission staff.

O P I N I O NIntroductory

Applicants, doing business as Greenfield Park Water Company, a proprietorship, by this application filed July 6, 1954, request a certificate of public convenience and necessity and authorization to establish rates for water service rendered to approximately 70 residents of Tract No. 1092 and the adjoining area known as Hudson Acres, both located west of U. S. Highway 99 about seven miles south of Bakersfield, in Kern County.

Public Hearing

The application was submitted for decision at a public hearing held, after due notice, at Bakersfield on September 20, 1954, before Examiner John M. Gregory. No opposition was manifested at the hearing.

Description of System

Applicants subdivided Tract No. 1092 in 1939 and installed the system which was originally intended to be operated on a nonprofit basis as a mutual water company. Requests for water

service from residents of Hudson Acres later prompted applicants to extend their facilities in that area. Applicants have operated and maintained the system and have paid all expenses since 1946. They now desire to dedicate the properties to public service and to establish rates which will meet operating expenses and provide a return on their investment.

Facilities of the system consist of a 14-inch well 365 feet deep, equipped with a 15-hp electric motor directly connected to a deep-well turbine pump presently set at about 110 feet. The pump has delivered 288 gallons of water per minute with a 10-hp motor and can deliver more with the present motor. The pump delivers water into a 4,200-gallon pressure tank set to maintain a 40-pound system pressure. The distribution system consists of approximately 5,880 feet of steel mains ranging from 6 to 1-1/2 inches in diameter.

Proposed Rates and Estimated Results of Operation

The majority of the 70 consumers is now being charged at the flat rate of \$2.25 per month. Some larger users pay \$3.00 and \$7.50. Applicants' rate proposal provides for a monthly flat rate of \$3.00 for a single family dwelling and monthly meter charges ranging from \$2.50 for a 5/8 x 3/4-inch meter to \$10.00 for a 2-inch meter, with monthly quantity rates reduced through four blocks from \$2.50 for the first 700 cubic feet or less to \$0.15 per 100 cubic feet for water in excess of 5,000 cubic feet.

Results of operation for 1954 at present rates, as indicated by studies placed in evidence by applicants and by the Commission staff, show a net loss for the year. The following

tabulation summarizes estimated results at proposed rates:

1954 Estimated at Proposed Rates

<u>Item</u>	<u>Staff</u>	<u>Applicant</u>
Operating Revenues	\$2,652	\$2,690
Operating Expenses including Depreciation and Taxes	2,409	2,448
Net Revenue	243	242
Rate Base, Depreciated	5,853	6,150
Rate of Return	4.15%	3.93%

Conclusions

The record indicates that though applicants expect some growth in the area now served it will not be substantial. The system is now being maintained and supervised by members of applicants' family who live in Bakersfield.

Upon full consideration of the record we conclude that applicants should be granted a certificate. The proposed rates for water service, which are hereby found to be reasonable, should be authorized, although we recognize that the rate of return estimated to be earned under those rates is low compared with the current earning capacity of many other water utilities.

The certificate of public convenience and necessity issued herein 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 will require the construction and operation of a public utility water system by Sam Fingerhut and Rae G. Fingerhut, individuals doing business as Greenfield Park Water Company, within the territory delineated upon a map marked Exhibit 1, filed September 20, 1954 at the hearing held on this application; therefore,

IT IS HEREBY ORDERED that:

1. A certificate of public convenience and necessity be and it is granted to Sam Fingerhut and Rae G. Fingerhut to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described.
2. Applicants are authorized to file the rates set forth in Appendix A attached to this order to be effective on or before the date service is first rendered to the public, together with rules and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
3. Applicants shall file, within forty days after the system is placed in operation under the rates and rules authorized herein, 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; the principal water production, storage and distribution facilities; and the location of the various properties of applicants now owned or to be acquired within the territory herein certificated.

- 4. Applicants shall base the accruals to depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; applicants shall review the 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 authorization herein granted will expire if not exercised within one year from the date hereof.

Finding that the public interest will not be adversely affected thereby,

IT IS HEREBY FURTHER ORDERED that this order shall become effective on the date hereof.

Dated at San Francisco, California, this 14th day of DECEMBER, 1954.

[Signature]
President

Justus S. Cialone

[Signature]

Deane Scoggins

Paul [Signature]
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Tract No. 1092 and Hudson Acres subdivision located in the unincorporated area adjacent to U. S. Highway 99, approximately 7 miles south of the City of Bakersfield, Kern County.

RATES

Quantity Rates:	<u>Per Motor</u> <u>Per Month</u>
First 700 cu.ft. or less	\$2.50
Next 1,300 cu.ft., per 100 cu.ft.....	.25
Next 3,000 cu.ft., per 100 cu.ft.....	.20
Over 5,000 cu.ft., per 100 cu.ft.....	.15
 Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 2.50
For 3/4-inch meter	3.00
For 1-inch meter	4.00
For 1-1/2-inch meter	6.00
For 2-inch meter	10.00

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

Schedule No. 2

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Tract No. 1092 and Hudson Acres subdivision located in the unincorporated area adjacent to U. S. Highway 99, approximately 7 miles south of the City of Bakersfield, Kern County.

RATE

	<u>Per Service Connection Per Month</u>
For each single family residence on one subdivision lot	\$3.00

SPECIAL CONDITIONS

1. The above residential flat rate charge will apply only to 3/4-inch and 1-inch service connections.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. Meters may be installed at option of utility for above classification, in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.