

ORIGINAL

Decision No. 52535

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RUFUS PRICE to operate) a water system in TRACT NO. 1237,) RANCHO EASTERBY, to establish terri-) tory for expansion; and to establish) rates.)	Application No. 37502
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Rufus Price, applicant.
Robert C. Moeck, for the Commission
 staff.

O P I N I O N

Nature of Proceeding

By the above-entitled application, filed November 21, 1955 and as amended December 22, 1955, Rufus Price (Rancho Easterby Water Company) seeks an order of this Commission granting a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 1237, Rancho Easterby, and surrounding territory approximately 1½ miles east of the city limits of Fresno, California, and for authority to file rates for the water service to be rendered therein.

Public Hearing

After due notice to the public and to each water user in the area for which a certificate is sought, public hearing in the matter was held before Examiner F. Everett Emerson on December 29, 1955 at Fresno. No opposition was presented at the hearing.

The Applicant and Area Development

Applicant is in the building contracting and subdivision development business in and around Fresno, California, and is the owner and subdivider of Tract No. 1237, Rancho Easterby, containing 45 lots, one of which is reserved for a well site and

pumping plant for utility operations, lying near the center of the area for which a certificate is sought. Original construction of the water system will be in such tract.

To the east of Tract No. 1237 are two subdivisions known as Atherton Heights, containing 39 lots, and Easterby Gardens, containing 71 lots. Residents in these tracts have requested that applicant provide them with water. To the north and west are unsubdivided and unoccupied lands which are suitable for future subdivision development, according to applicant.

The Initial Water System

The initial water system, in Tract No. 1237, has been installed with funds devoted to the tract and homesite development. It consists of a 10-inch well, 175 feet deep, pumped by a turbine pump driven by a 15-hp electric motor, with a 1,500-gallon pressure tank installed as part of the pumping plant, and distribution mains consisting of 700 feet of 6-inch and 2,850 feet of 4-inch pipes. The system is capable of supplying a greater number of lots than are within the tract and can readily be extended to adjoining areas.

The total original cost of the initial system within Tract No. 1237 is reported to be \$12,402.26, distributed as follows:

Land (well site, lot 1 of tract)	\$ 2,000.00
Well (drilled and cased)	708.55
Pump, motor and wiring	2,090.98
Pressure tank	442.90
Distribution mains, services and fittings	7,159.83
Total	<u>\$12,402.26</u>

Proposed Rates

The rates proposed by applicant are basically flat rates, it being his intention to meter only commercial usage or very large residential water usage. At the hearing, applicant amended his rate proposal to include a charge for fire hydrant service. Applicant requests authority to bill bimonthly.

The proposed rates are as follows:

Flat Rate Service

For each single family residence, including use of lavatories, kitchens and premises not exceeding 8,000 sq.ft. of area, per month	\$3.50
For each water closet or urinal in single family dwelling, per month30
For each bath tub or shower, per month30
For each 100 sq. ft. of area in excess of 8,000 sq. ft., per month03
For each evaporative cooler installed with return pump, per annum	2.40
For air-conditioning and refrigeration units of one-ton capacity or more installed without water-saving devices, the flow of cooling water to be limited to 1½ gpm per rated ton, per annum per ton	10.00
For air-conditioning and refrigeration units equipped with water-saving devices, per annum	2.40
For each swimming pool not exceeding 15,000 gallons' capacity, per annum	6.00
For each 2,500 gallons or fraction thereof over 15,000 gallons, per annum	1.00
For each public fire hydrant, per month	2.00

Metered Service

Quantity Rates:	<u>Per Month</u>
First 800 cu.ft. or less	\$3.00
Next 4,200 cu.ft., per 100 cu.ft.25
Over 5,000 cu.ft., per 100 cu.ft.20
 Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.00
For 3/4-inch meter	3.75
For 1-inch meter	5.00
For 1-1/2-inch meter	8.00
For 2-inch meter	13.00

Prospective Results of Operation

Applicant estimates annual gross revenues of \$3,240 and gross annual operating expenses of \$2,340. Net revenues of \$900, resulting therefrom would indicate a rate of return of approximately 6-3/4 per cent on a probable rate base of about \$13,150. From the evidence, however, it is our opinion that applicant's expense estimates are somewhat understated and may very soon exceed the sums estimated. It appears most probable that no greater rate of return than 6 per cent will be realized.

Conclusions

In view of the evidence we find that public convenience and necessity require and will require that applicant be granted a certificate for the area requested. Such certificate 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 rates which applicant has proposed are in the main reasonable rates for the service to be rendered. However, there appears to be an element of discrimination inherent in certain parts of the proposed flat rate schedule and we will, therefore, authorize the filing of rates which will more fairly charge the consumer for the water used. Applicant's request for bimonthly billing will be granted.

O R D E R

Public hearing having been held, the matter having been submitted and considered by the Commission and based upon the findings and conclusions contained in the foregoing opinion,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted Rufus Price (Rancho Easterby Water Company) to construct and operate a public utility water system for the production, storage, distribution and sale of water within the following described territory in Fresno County:

The area bounded on the east by the center line of Clovis Avenue, on the south by the center line of the right of way of the Clovis Branch of the Southern Pacific Railroad, on the west by the center line of Bush Avenue between the right of way of the Clovis Branch of the Southern Pacific Railroad and Belmont Avenue and the center line of Minnewawa Avenue between Belmont Avenue and Harvey Avenue, and on the north by the center line of Belmont Avenue between Bush Avenue and Minnewawa Avenue and by the center line of Harvey Avenue between Minnewawa Avenue and Clovis Avenue.

IT IS HEREBY FURTHER ORDERED as follows:

1. Applicant shall not make extensions into territory lying outside of the boundaries hereinabove described without authority first having been obtained from this Commission.
2. Applicant is 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, including provision for bimonthly billing, 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. Applicant shall notify this Commission in writing of the completion of the system within Tract No. 1237 in the area for which this certificate is granted, within thirty days thereafter.
4. Applicant shall file within sixty 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 for which this certificate is issued; the principal water production, storage and distribution facilities; and the location of the various properties of applicant.

5. Applicant 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; applicant 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.

6. Within sixty days after the effective date of this order applicant shall subscribe to local exchange telephone service in the name of Rancho Easterby Water Company and within ten days thereafter shall notify this Commission in writing of having so subscribed.

7. 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 Los Angeles, California, this 31st day of January, 1956.

John E. Michael
 President

Justin D. Galloway

Ray L. Lutz

Walter D. Dudley

R. H. Hart
 Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including Tract 1237, Rancho Easterby, Easterby Gardens, Atherton Heights, and vicinity, located about 1½ miles east of the city limits of Fresno, Fresno County.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 800 cu.ft. or less	\$3.00
Next 4,200 cu.ft., per 100 cu.ft.....	.25
Over 5,000 cu.ft., per 100 cu.ft.....	.20
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.00
For 3/4-inch meter	3.75
For 1-inch meter	5.00
For 1-1/2-inch meter	8.00
For 2-inch meter	13.00

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

APPENDIX A
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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including Tract 1237, Rancho Easterby, Easterby Gardens, Atherton Heights, and vicinity, located about 1½ miles east of the city limits of Fresno, Fresno County.

RATES

	<u>Per Service Connection per Month</u>
For a single family residence including premises not exceeding 8,000 sq.ft. in area ...	\$4.50
a. Additional for each 100 sq.ft. of area of premises in excess of 8,000 sq.ft.....	.03
b. Additional for each evaporative type cooler or refrigeration type air-conditioning unit equipped with return pump or other water-saving device, payable during each month of the year20
c. Additional for each evaporative type cooler or refrigeration type air-conditioning unit installed without water-saving devices, the flow of cooling water shall be limited to an amount not exceeding one and one-half gallons per minute, per rated ton, payable during each month of the year, per ton or fraction thereof85

SPECIAL CONDITIONS

1. All services not covered by the above classification will be furnished only on a metered basis.
2. A meter may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service furnished to duly organized or incorporated fire protection districts or other political subdivisions of the State.

TERRITORY

The unincorporated area including Tract 1237, Rancho Easterby, Easterby Gardens, Atherton Heights, and vicinity, located about 1½ miles east of the city limits of Fresno, Fresno County.

RATE

	<u>Per Month</u>
For each hydrant	\$2.00

SPECIAL CONDITIONS

1. The cost of installation and maintenance of hydrants will be borne by the utility.
2. The above rate includes use of water for fire protection and for no other purpose. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges will be made at the monthly quantity rates under Schedule No. 1, General Metered Service.
3. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.