

ORIGINALDecision No. 53287

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CHARLES E. BAKMAN, FRANK S. BAKMAN,)
 WALTER W. BAKMAN, R. L. BAKMAN,)
 IDA BAKMAN GILSTRAP, and MOLLIE)
 BAKMAN, a limited partner, for a)
 certificate of public convenience)
 and necessity to operate a public)
 utility water system, and to estab-)
 lish rates for water service in an)
 unincorporated area near Fresno,)
 California, known as)
 BAKMAN HOMESITES.)

Application No. 37690

Crossland, Crossland and Richardson
 by Robert S. Crossland, for applicant.
W. B. Stradley, for the Commission staff.

O P I N I O N

Applicants are the holders of a water service certificate granted to them by Decision No. 41259, dated March 2, 1948, in Application No. 28931. The system has already expanded beyond the service area therein described into near-by areas. Accordingly they filed the present application on January 26, 1956, for the purpose of expanding their certificated area to about 320 acres which would include all the area they are now serving.

Public hearing was held before Examiner Power at Fresno on April 17, 1956. The partner who actively manages the water business testified in support of the application. An engineer from the Commission staff assisted in developing the record. There were no protests.

The service area sought is located just east of Fresno. It is in or near the fringe area of the urban development centering on that city. It is bounded on the north by Olive Avenue; on the east

by North Minnewawa Avenue; on the south by Belmont Avenue; and on the west by Willow Avenue. Peach Avenue extends north and south through the area, dividing it into east and west halves. All of the undivided portion of the west half belongs to the applicant partners. The witness testified that all the subdivision lots in the west half have been sold. The subdivisions are Bakman Homesites Nos. 1, 2, 3 and 4.

The east half of the service area is now completely subdivided. The northern portion is called Orangewood Estates (Tract No. 1439). The southern portion is occupied by two Forsyth Gardens tracts. Between them is the acreage of Easterby School No. 2 and Tract No. 1491 (Laurelvale Ranches).

The area for which a certificate is being requested is served by two individual systems at the present time, but it is anticipated that as the area is built up the two systems will eventually be interconnected. The system serving the subdivisions known as Bakman Homesites Nos. 1, 2, 3 and 4 consists of about 6,820 feet of 6- and 4-inch mains and is furnished water from two wells equipped with pumps capable of producing an estimated total of 375 gallons of water per minute.

The subdivision known as Forsyth Gardens No. 2 is piped with approximately 4,200 feet of 6- and 4-inch main and is supplied water from two wells equipped with pumps which are capable of producing a total of about 425 gallons of water per minute.

In the latter part of 1955 the owners of this utility extended service from Forsyth Gardens No. 2 into a subdivision known as Orangewood Estates in accordance with their main extension rule on file with this Commission. This rule provides for a 44 per cent refund of gross revenues received for a period of 10 years or until the full cost of the extension has been paid, whichever is first.

All other facilities and extensions of mains throughout the area served have been financed by the utility. The cost of the facilities installed to serve Forsyth Gardens No. 2 is stated to be \$11,704.24, and those in Orangewood Estates, \$15,423. Details on these amounts are shown in the subject application. Information on costs of other portions of the system was not available at the time of the hearing.

Applicants propose to finance future extensions by using their own funds. They appear to be amply provided with resources for this purpose. One exception will be Laurelvale Ranches where the lines will be installed by the subdividers and acquired by applicants under their filed main extension rule. They propose to drill a well with their own funds on Lot 198 of this tract. This lot is at East Lewis and North Minnewawa Avenues on the eastern edge of the service area.

Applicants have requested that the rates in effect in their presently certificated area be authorized in the area requested herein. Additional charges for swimming pools and air coolers, and a flat rate for public school service are also proposed in the application as well as are certain conditions under which service is to be rendered. The school rate was reached by negotiation.

As applicants' presently effective rules applicable to practices and relationships with their customers no longer reflect present day conditions, the order which follows will authorize and direct them to revise these rules.

The Commission finds and concludes that public convenience and necessity requires that the sought certificate be granted. We further find that the additional rates to be added to applicants' filed tariff by the following order and shown on Appendix A to said order are fair and reasonable.

The certificate of public convenience and necessity granted in and by the following order 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 for any amount of money in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as consideration for the issuance of such certificate of public convenience and necessity or right.

The contract, annexed to the application as Exhibit B thereto provides in substance that applicants will extend their system to Tract No. 1439 (Orange Estates) under their main extension rule. However, it is noted that this contract deviates from the utility's filed main extension rules in that the advance is to include "... such other items as may be mutually agreed upon between applicants and utility or required by public authority" It is inappropriate to expect the Commission to authorize an agreement the terms of which are as yet unknown, consequently authorization of this portion of the contract will be specifically withheld and the order following will so provide.

It is also noted that numbered paragraph 2 of the agreement, a copy of which is attached to the application as Exhibit B, states, among other things, that the parties "...will be governed by the 'Main Extension Rule' as it may read when said Commission acts" This Commission in its Decision No. 50580 issued September 28, 1954 in Case No. 5501 ordered all water utilities under its jurisdiction to file the water main extension rule set forth in Appendix B of that decision. On December 6, 1954 the applicants herein filed their water main extension rule in compliance with the order in Decision No. 50580, such filing becoming effective on December 10, 1954 and will remain effective until modified by further Commission action.

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 ORDERED that a certificate of public convenience and necessity be, and it is hereby, granted Charles E. Bakman, Frank S. Bakman, Walter W. Bakman, R. L. Bakman, Ida Bakman Gilstrap, and Mollie Bakman, doing business as Bakman Homesites Water Utility, to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described, and as set forth on the map marked Exhibit A attached to the application.

IT IS FURTHER ORDERED as follows:

1. Applicants are authorized to file in quadruplicate with this Commission after the effective date of this order in conformance with General Order No. 96 revised schedules with changes in rates, terms and conditions as set forth in Appendix A attached hereto and on not less than five days' notice to this Commission and to the public to make said rates effective for service rendered on and after August 1, 1956.
2. Within thirty days after the effective date of this order, applicants shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules revised to reflect present day practices and relations with their customers, together with tariff service area map, acceptable to this Commission. Such rules and tariff service area map shall become effective on five days' notice to the Commission and to the public after filing as hereinbefore provided.
3. Applicants shall file within thirty days after the effective date of this order 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 water system properties of applicants.
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.

IT IS FURTHER ORDERED that applicants are authorized to carry out the terms of a written agreement, dated January 31, 1956, entered into by applicants and Louis Baer relating to the extension of water service into Tract No. 1439, Fresno County, except that approval of the provision of numbered paragraph 1 relating to such other items as may be mutually agreed upon is specifically withheld.

IT IS HEREBY FURTHER ORDERED that applicants shall file with this Commission within thirty days after the effective date of this order two certified copies of the agreement as executed, together with a statement of the date on which the agreement was deemed to become effective.

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

Dated at San Francisco, California, this 26th day of June, 1956.

John E. Mitchell
President

Justus S. Calmes

Paul W. Lutes

William J. Cook

Commissioners

Rex Hardy
Commissioner being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 3

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area bounded by Willow, Olive, North Minnewawa and Belmont Avenues located approximately 4 miles northeast of the City of Fresno, Fresno County.

RATES

Quantity Rates:	<u>Per Meter Per Month</u>
First 800 cu.ft. or less	\$2.00
Next 3,200 cu.ft., per 100 cu.ft.15
Next 6,000 cu.ft., per 100 cu.ft.12
Over 10,000 cu.ft., per 100 cu.ft.10
 Minimum Charge:	
For 5/8 x 3/4-inch meter	\$2.00
For 3/4-inch meter	2.50
For 1-inch meter	3.00

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

GENERAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area bounded by Willow, Olive, North Minnewawa, and Belmont Avenues located approximately 4 miles northeast of the City of Fresno, Fresno County.

RATES

	<u>Per Service Per Month</u>
For each single dwelling or other single unit establishment located on one lot together with the premises on which such unit is located, as follows:	
For each 3/4-inch service connection	\$ 2.75
For each 1-inch service connection	3.50
For each evaporative type cooler in addition to above applicable flat rate, during the months of May, June, July, August, and September:	
Noncirculating type75
Circulating type25
For the 4-inch service connection to Easterby School No. 2	40.00

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.
2. Charges for air coolers will apply as provided in the above schedule except in those cases where the customer notifies the utility, in writing, which months during the above period any air cooler will not be in service, and providing that such unit is disconnected during said months subject to inspection by utility representative.

Schedule No. 2

GENERAL FLAT RATE SERVICE

SPECIAL CONDITIONS—Contd.

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. 1, General Metered Service, and must be continued for not less than 12 months before it may again be charged to flat rate service.