

Decision No. 55801

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FAY ROWLAND, dba ROWLAND WATER CO.,)
 a privately owned company, 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 west of the)
 City of Porterville, California,)
 known as Tract No. 257.)

Application No. 39346

Fay Rowland, applicant, in propria persona.
W. B. Stradley, for the Commission staff.

O P I N I O N

By the above-entitled application filed August 20, 1957, Fay Rowland, doing business as Rowland Water Co., requests a certificate of public convenience and necessity to operate a public utility water system to serve a subdivision designated as Tract No. 257 located approximately 1½ miles west of the City of Porterville in Tulare County. Applicant also proposes schedules of both flat and meter rates and asks that they be authorized for the water service to be rendered.

Public Hearing

Public hearing in the matter was held before Examiner E. Ronald Foster on September 18, 1957, at Porterville, at which time oral testimony was presented by applicant and the matter submitted for decision. Applicant produced affidavits to show that posting of notices and newspaper publicity had been effected as required. No person appeared to oppose granting of applicant's requests.

Amendments

At the hearing, applicant requested and was granted permission to amend the application on its face in regard to the following points: (1) the size of the proposed service connections was changed from 1 to 3/4 inch; (2) the proposed flat rate schedule was corrected to include an additional charge of 5 cents for each 100 square feet of area over 7,500 square feet per lot; (3) the minimum charge for service for a 5/8 by 3/4-inch meter, entitling the consumer to 1,000 cubic feet of water per month, was revised from \$2.50 to \$3.25 and the minimum charges for service through larger meters were increased correspondingly; and (4) the estimated costs of construction of the several elements of the water system as shown in the attachment to the application were increased from a total of \$6,000 to a total of \$7,798. Applicant also requested that a rate of \$1.50 per month for each public fire hydrant be authorized.

The Applicant and Service Areas

By Decision No. 52572, dated February 7, 1956, in Application No. 37199, a certificate of public convenience and necessity was granted to Fay Rowland, the applicant herein, to construct and operate a public utility system for the distribution and sale of water within Tract No. 213, Tulare County, situated some 4 or 5 miles west of Porterville. He is now furnishing water service in that tract at rates which differ somewhat from those proposed in the instant application.

The area which applicant now proposes to serve with water is located approximately 1½ miles west of the City of Porterville, being a portion of the SE¼ of Sec. 28, T.21 S., R.27 E., M.D.B. & M., and is bounded on the south by West Olive Avenue, on the east by Newcomb Drive and on the north by Tomah Street. The land consists of approximately 10 acres which the owner has subdivided into 25 lots

which he has agreed to sell to Fay Rowland, the subdivision having been filed with the county as Tract No. 257, delineated on the map attached to the application as Exhibit "A". Lot 25, 20 by 30 feet in size, has been reserved as the site for the utility's well, pumping plant and tank. Lot 24, comparatively large in area, has been designated as business property. The remaining 23 lots, of various shapes and sizes, are intended for residential purposes.

The Water System

Applicant stated that he intends to drill a 10-inch diameter cased well approximately 130 feet deep which, when equipped with a deep-well pump and an electric motor of either 7½- or 10-hp capacity as may prove necessary, is expected to produce 300 gallons of water per minute when discharging against normal system pressures. The pump will deliver the water into a 1,000-gallon hydropneumatic tank, with automatic pressure switches set to operate the pump at tank pressures ranging between about 40 and 60 pounds per square inch.

The water will be distributed in three directions from the source of supply by means of 4- and 2-inch pipelines to be laid in utility easements across the various lots, with ¾-inch service connections. Initially all service will be rendered to residences on a flat rate basis but meters will be installed on services to business establishments. The estimated cost of construction of the system, as amended, is as follows:

Organization expense	\$ 400
Well 130 feet deep with 10-inch casing	877
Deep-well pump with 7½-hp electric motor and 1,000-gallon tank	2,600
1,542 feet of 4-inch, 12-gauge, dipped and wrapped steel pipe	2,666
740 feet of 2-inch galvanized pipe	925
24 services of ¾-inch galvanized pipe at \$7.50	180
2 fire hydrants, 2-inch wharf type	150
Total	<u>7,798</u>

The proposed arrangement of the piping is such as to provide for a completely circulating system except for one stub of 2-inch pipe, about 150 feet long, which will have a flush valve at its end.

The proposed construction will be financed with the personal funds of applicant, supplemented by such bank loans as may be necessary. A balance sheet attached to the application as Exhibit "B", showing the financial status of Fay and Leona Rowland as of July 1, 1957, indicates that applicant has ample resources to complete the system.

Miscellaneous Items

Applicant states that there is no other source or supply of water for the area than that he proposes to develop, the nearest existing systems being $1\frac{1}{2}$ and 2 miles distant; that no permits or franchises are necessary for the installation and construction of the water facilities; that the necessary certificate as to the purity of the water supply will be obtained from the county health department as soon as the system is complete; and that a certificate from this Commission is necessary before a permit to sell the lots can be obtained from the Division of Real Estate of the State of California.

Findings and Conclusions

The proposed system appears to be well designed to meet the requirements of General Order No. 103 and, when so constructed, there should be no difficulty in rendering adequate service.

The proposed rates have been modified slightly to provide rates more nearly comparable with those authorized by this Commission in applicant's presently certificated area and for other utilities furnishing service generally under similar conditions. The order which follows will provide for the refiling of applicant's

presently filed metered service and fire hydrant rates and the filing of a comparable schedule of flat rates to provide for the application of such rates in Tract 257. These rates we find to be justified and reasonable for the water service to be rendered. Applicant is aware of the probability that little or no return on the investment can be expected until full development of the subdivision is accomplished.

In order that the property on which the well and related facilities are to be located be dedicated to water utility operations, as well as easements for pipelines which will not be located in public streets, applicant will be required to file documentary evidence to that effect.

After consideration of the record herein the Commission is of the opinion and finds that public convenience and necessity require the granting of the certificate to applicant as requested.

The certificate of public convenience and necessity herein 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 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.

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 ORDERED that a certificate of public convenience and necessity be and it is hereby granted Fay Rowland, doing business as Rowland Water Co., to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described as Tract No. 257 in Tulare County.

IT IS FURTHER ORDERED as follows:

1. That applicant is authorized to amend his presently filed tariff schedules, including tariff service area map, except Schedule No. 2R, Residential Flat Rate Service, in conformity with General Order No. 96, to provide for the application of said tariff schedules for water service in the area certificated by this order, such amended tariff schedules to be filed before service is first furnished to the public in said area under the authority herein granted. Schedule No. NE-2R attached hereto as Appendix A is authorized to be filed as a part of said amended tariff schedules. Such rates, revised tariff sheets and tariff service area map shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.

2. That applicant shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.

3. That applicant shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale not smaller than 100 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 applicant pertaining to the area being certificated herein.

4. That applicant shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant. Applicant shall review the accruals as of January 1 of the year following the date service is first rendered to the public under the rates and rules authorized herein and

thereafter when major changes in utility plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

5. That, if the authorization herein granted is exercised, applicant shall procure and dedicate to water utility purposes the lot or area on which the well, pump and tank are to be located and easements or permits where pipeline mains are to be located in lots, other than in streets and shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, one copy of each appropriate document showing such procurement, dedication, easement or permit.

The authorization herein granted will expire if not exercised within one year after the date hereof.

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

Dated at San Francisco, California, this 12th day of November, 1957.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

APPENDIX A

Schedule No. NE-2R

Newcomb Tariff AreaRESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

Tract No. 257, and vicinity, located in unincorporated territory adjacent to West Olive Avenue approximately $1\frac{1}{2}$ miles west of Porterville, Tulare County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>
For each single family residence including premises not exceeding 10,000 sq.ft. in area	\$4.00
Additional for each 100 sq.ft. of area in excess of 10,000 sq.ft.03

SPECIAL CONDITIONS

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