

ORIGINAL

Decision No. 56119

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
John J. Laspina, doing business as )	
EAST GATE WATER COMPANY, to operate )	Application No. 39419
a water system in East Tulare, Tulare )	
County, California. )	

John J. Laspina, applicant, in propria persona.  
W. B. Stradley, for the Commission staff.

O P I N I O N

By the above-entitled application filed September 20, 1957, John J. Laspina, doing business as East Gate Water Company, requests a certificate of public convenience and necessity to operate a public utility water system to serve a subdivision known as Eastgate Village, Tract No. 262, located about one-half mile east of the City of Tulare in Tulare County. Applicant also proposes schedules of rates for general metered service, residential flat rate service and public fire hydrant service, and asks that they be authorized for the water service to be rendered.

Public Hearing

A public hearing in the matter was held before Examiner E. Ronald Foster in Tulare on November 14, 1957, at which time oral testimony was presented by applicant and the matter was submitted upon the receipt of a late-filed exhibit on November 19, 1957 and is now ready 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.

The Applicant and Service Area

Applicant is a general building contractor in addition to his business of subdividing property and selling lots for residential purposes. The land which applicant now proposes to serve with water consists of approximately 16 acres which he has subdivided into 45 lots with areas ranging from about 10,000 square feet to over 12,000 square feet, except Lot 19 which is smaller and has been reserved as the site for the utility's well, pumping plant and tank, as shown on the map filed as Exhibit No. 1

The subdivision is a portion of the south half of Section 1, T. 20 S., R. 24 E., M.D.B. & M. and is located north of Brogan Street and on both sides of Laspina Street which is one-half mile east of the city limits of Tulare. Unsuccessful attempts were made to have this area annexed to the City of Tulare and to have water supplied by extending the municipal system beyond the city limits. Canby Mutual Water Company, serving in an area to the west, and Laspina Mutual Water Company, supplying water in an area to the south, both refused to serve applicant's subdivision with water.

The Water System

Applicant stated that he intends to drill a 12-inch diameter well with 10-gage steel casing approximately 280 feet deep which, when equipped with a deep-well pump and a 25-h.p. motor, is expected to produce between 350 and 375 gallons of water per minute when discharging against normal system pressures. The pump will deliver the water into a 5,000-gallon hydropneumatic tank, with automatic pressure switches set to operate the pump at tank pressures ranging between 35 and 45 pounds per square inch. The distribution system to serve the tract will consist of somewhat over 3,000 feet of 4-inch asbestos cement pipe, with about 600 feet of galvanized

iron pipe cross-connections to provide for complete circulation. One-inch service connections will be provided at each lot and there will be three fire hydrants within the tract. The estimated cost of construction of the system for the entire tract, as shown in Exhibit "D" of the application, is as follows:

Organization Expense	\$ 300
Land (Lot 19 of Tract No. 262)	2,000
Structures (fence)	450
Well, 12-inch diameter, 280 ft. deep	1,900
Pumping equipment, 25-h.p. pump and motor	3,500
Tank, 5,000-gallon	1,500
Distribution Main, 3300 ft. of 4-inch pipe	8,710
Services (42)	340
Hydrants (3)	450
	\$19,150

The subdivision is planned to be developed progressively, beginning with the lots fronting on the existing paved Brogan Street. Initially, while the subdivision is under development and before the new well is drilled, applicant proposes to obtain water by connecting his system to that of Laspina Mutual Water Company, to the south across Brogan Street, with only a portion of the distribution system to be built at first. Applicant plans to complete the installation of the water system within twelve months and anticipates the sale of all lots in the tract within two years.

Financing

The construction of the water system is proposed to be financed with the personal funds of applicant, supplemented by money received from the sale of lots in excess of that required to complete the streets and other development work in the subdivision. A financial statement attached to the application as Exhibit "B", showing the assets and liabilities of John J. Laspina, doing business as a general building contractor as of June 1, 1957, indicates that applicant has ample resources to construct the water system in progressive stages, as proposed.

Proposed Rates and Potential Revenue

Applicant proposes a monthly flat rate of \$4.00 for each residence, with an additional charge of three cents per 100 square feet for area of premises in excess of 10,000 square feet. The proposed schedule of meter rates provides for a minimum charge of \$3.00 per month for a 5/8x3/4-inch meter with higher charges for larger size meters. Quantity rates for use in excess of the 1,000 cubic feet allowed for the \$3.00 minimum charge range through three blocks of usage at 20, 18 and 15 cents per 100 cubic feet and 12 cents per 100 cubic feet for monthly quantities used in excess of 8,000 cubic feet. Applicant also requested that a rate of \$1.00 per month be authorized for each public fire hydrant.

On the basis of full occupancy of all 44 residential lots within the tract, the potential gross revenue is approximately \$2,250 per year or more. Applicant's estimate of annual operating expenses, including taxes and depreciation, is \$1,250. Applicant is aware of the probability that little or no return on the total investment can be expected until full development of the subdivision is accomplished.

Miscellaneous Items

Applicant stated that he lives within two blocks of the tract and he plans to render bills for water service payable at his office or to a collector living in the tract. Subscription to telephone service under the name of the utility will be arranged.

The County of Tulare requires no franchise for a water utility, according to applicant's testimony. A suitable permit will be obtained from the County Health Department prior to placing the well into operation.

Findings and Conclusions

The proposed system appears well designed to meet the requirements of General Order No. 103 and, when so constructed, there should be no difficulty in rendering adequate service. To assure a sufficient water supply at adequate pressure for all consumers within the tract, the order herein will require applicant to install and place in operation the proposed well, pumping equipment and related facilities necessary to deliver water to all consumers, rather than continuing to rely on the temporary connection with the Laspina Mutual Water Company.

It appears that the system proposed by applicant will be needed by those who move into Tract No. 262 and that no other water service is now available in this area. Applicant appears to be financially capable of carrying out his proposed construction of the water system. The proposed rates have been modified slightly in the order which follows to provide minimum charges for the larger meters more consistent with their relative capacities to deliver water and with the quantity rates therefor; also, the rate for public fire hydrant service will be increased to that authorized by this Commission for other utilities in Tulare County furnishing such service under similar conditions. The rates and charges set forth in Appendix A attached to the following order are found to be reasonable for the water service to be rendered and will be authorized.

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 John J. Laspina, doing business as East Gate Water Company, to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described as Tract No. 262 in Tulare County.

IT IS FURTHER ORDERED as follows:

1. That applicant is authorized to file, after the effective date of this order, 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 under the authority herein granted, together with rules and a 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 this 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 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 tract of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.

4. That, prior to July 1, 1958, applicant shall install and place in operation the proposed well, pumping equipment and related facilities necessary to deliver water at adequate pressure to all his consumers as of that date. Applicant shall notify the Commission in writing within ten days after such facilities have been installed and placed in operation, including such details as the tested capacity of the well and pumping equipment; location, length and size of mains installed; and the number of consumers being served.

5. 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 1st 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.

6. That, if the authorization herein granted is exercised, applicant shall 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 with the Commission, 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 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 21<sup>st</sup> day of January, 1958.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Eastgate Village, Tract No. 262, and vicinity, located approximately one-half mile east of the City of Tulare, Tulare County.

RATES

Quantity Rates:	Per Meter per Month
First 1,000 cu.ft. or less .....	\$3.00
Next 2,000 cu.ft., per 100 cu.ft. ....	.20
Next 2,000 cu.ft., per 100 cu.ft. ....	.18
Next 3,000 cu.ft., per 100 cu.ft. ....	.15
Over 8,000 cu.ft., per 100 cu.ft. ....	.12
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 3.00
For 3/4-inch meter .....	4.00
For 1-inch meter .....	6.00
For 1-1/2-inch meter .....	10.00
For 2-inch meter .....	15.00

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

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Eastgate Village, Tract No. 262, and vicinity, located approximately one-half mile east of the City of Tulare, Tulare County.

RATES

	<u>Per 1-Inch Service Connection per Month</u>
For each single-family residence, including promises not exceeding 10,000 sq.ft. in area .....	\$4.00
For each 100 sq.ft. of premises 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. 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 districts or other political subdivisions of the State.

TERRITORY

The unincorporated area known as Eastgate Village, Tract No. 262, and vicinity, located approximately one-half mile east of the City of Tulare, Tulare County.

RATE

	<u>Per Month</u>
For each hydrant .....	\$1.50

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, General Metered Service.
2. The cost of installation and maintenance of hydrants will be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.