

ORIGINALDecision No. 56148

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of M. V. X. Cardoza and)
 Frances V. Cardoza, his wife, Manuel)
 R. Cardoza and Salome S. Cardoza,) Application No. 39466
 his wife and Joyce Cardoza, a widow,)
 to operate a water system in Southeast)
 Tulare, Tulare County, California.)

Manuel R. Cardoza, for applicants.
W. B. Stradley, for the Commission staff.

O P I N I O N

By the above-entitled application filed October 10, 1957,

M. V. X. Cardoza and Frances V. Cardoza, his wife, Manuel R. Cardoza and Salome S. Cardoza, his wife, and Joyce Cardoza, a widow, request a certificate of public convenience and necessity to operate a public utility water system to be known as Cardoza Water Company to serve a subdivision designated as Tract No. 265, located about one-half mile east of the southerly portion of the City of Tulare in Tulare County. Applicants also propose schedules of rates for general metered service, residential flat rate service and public fire hydrant service, and ask 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 15, 1957, at which time oral testimony was presented by applicants and the matter was

submitted and is now ready for decision. Applicants produced an affidavit of publication of notice of the hearing in a local newspaper and testified that similar notices had been posted at the several locations as required. No person appeared to oppose the granting of applicants' requests.

The Applicants and Service Area

Applicants are engaged in farming and, additionally, in the real-estate business in subdividing property and selling lots for residential purposes. The land which applicants now propose to serve with water is part of a 39-acre parcel and consists of approximately 12 acres which they have subdivided into 38 lots with areas ranging from slightly less than 10,000 square feet to about 12,000 square feet, as shown on the map attached to the application as Exhibit "A".

Tract No. 265 is a subdivision of a portion of the southeast quarter of the southwest quarter of Section 12, T. 20 S., R. 24 E., M.D.B. & M. and is located north of Bardsley Road and west of Laspina Street, which is one-half mile east of the city limits of Tulare. Laspina Mutual Water Company supplies water in an area to the north of applicants' land but declined to serve Tract No. 265 with water. Applicants plan to subdivide the rest of the 39-acre parcel at some future date. There are already two houses ready for occupancy on Lots 13 and 15 of Tract No. 265 which front on paved Bardsley Road.

The Water System

Applicants intend to obtain the water supply for this system from an existing irrigation well located about 150 feet north of the present subdivision in that part of applicants' property which is not yet subdivided. The well is 12 inches in diameter and 150 feet or more deep, with the water level about 80 feet below the surface. When equipped with a 20-hp electric motor-driven deep-well pump, the well is expected to produce between 300 and 385 gallons of water per minute when discharging against normal system pressures. The pump will deliver the water into a 2,000-gallon hydropneumatic tank, with automatic pressure switches set to operate the pump at tank pressures ranging between 30 and 50 pounds per square inch.

The distribution system serving the tract will consist of approximately 2,200 feet of 4-inch asbestos cement pipe arranged to provide for complete circulation except for three dead-end stubs, each less than 150 feet in length. 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 tract, as shown in Exhibit "D" of the application, is as follows:

Organization	\$ 300
Land (for well, pump-unit and tank)	1,000
Structures (fence)	300
Well (existing)	1,500
Pumping Equipment (20 hp unit)	3,000
Tank (2,000-gallon pressure type)	950
Distribution Main (approx. 2,200 ft. of 4-inch pipe)	4,400
Services (38)	300
Hydrants (3)	450
Total	<u>\$12,200</u>

Pending more complete development of the tract, applicants are temporarily obtaining water for the first houses therein from the existing well on their farm property south of Bardsley Road, by means of a two-inch pipe laid across said road. Applicants plan to develop the subdivision progressively from Bardsley Road, selling lots to individual buyers.

Financing

The construction of the water system is proposed to be financed with the personal funds of applicants from other operations, 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 M. V. X. Cardoza, Manuel R. Cardoza, and Joyce Cardoza, operating a farming and real-estate business as partners in joint tenancy, indicates that applicants have ample resources to construct the water system, as proposed.

Proposed Rates and Potential Revenue

Applicants proposed 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 5/8 by 3/4-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. Applicants 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 38 residential lots within the tract, the potential gross revenue is approximately \$1,900 per year or more. Applicants' estimate of annual operating expenses, including taxes and depreciation, is \$1,500. Applicants are 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

Applicants' representative testified at the hearing that he lives within a short distance of the tract, that he intends to operate the system personally as long as he has ownership in it, and that he plans to render bills for water service payable at his home. Subscription to telephone service under the name of the utility will be arranged by the applicants.

The County of Tulare requires no franchise for a water utility, according to applicants' testimony. A suitable permit will be obtained from the County Health Department prior to placing the well in 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 insure sufficient water at adequate pressure for all consumers within the tract,

the order herein will require applicants to complete the installation of the pumping unit and the related facilities necessary to deliver water to all such consumers from the well proposed as the permanent source of supply, rather than continuing to rely on the temporary means of supply which we find to be insufficient and inadequate for the purpose.

It appears that the system proposed by applicants will be needed by those who move into Tract No. 265 and that no other water service is now available in this area. Applicants appear to be financially capable of carrying out their 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 with the Commission.

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 M. V. X. Cardoza and Frances V. Cardoza, his wife, Manuel R. Cardoza and Salome Cardoza, his wife, and Joyce Cardoza, a widow, doing business as Cardoza 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. 265 in Tulare County.

IT IS FURTHERED ORDERED as follows:

1. That applicants are 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 applicants 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 applicants 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 applicants.

4. That applicants 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. Applicants 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, applicants 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 mains are to be located in lots, other than in streets, including the right of way for the transmission line from the well to the tract, 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.

6. Prior to the time that service under the authority herein granted is rendered to more than five residential consumers, or within six months after the system is placed in operation under the rates and rules authorized herein, whichever is sooner, applicants shall have completed the installation of and placed in operation the pumping unit and the related facilities necessary to deliver water to all of applicants' consumers at that time. Applicants shall notify the Commission in writing within ten days after such facilities have been installed and placed in operation.

The authorization herein granted will expire if not exercised 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 21st day of January, 1958.

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

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Tract No. 265, and vicinity, located approximately one-half mile east of the southerly portion of the City of Tulare, Tulare County.

RATES

Per Meter
per Month

Quantity Rates:

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 Tract No. 265, and vicinity, located approximately one-half mile east of the southerly portion of the City of Tulare, Tulare County.

RATES

Per 1-Inch Service
Connection per Month

For each single-family residence, including premises 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 Tract No. 265, and vicinity, located approximately one-half mile east of the southerly portion of the City of Tulare, Tulare County.

RATE

Per Month

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.