

ORIGINAL

Decision No. 56158

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
BERTO A. OLSON for a Certificate of)	
Public Convenience and Necessity to)	Application No. 39092
Furnish and Charge Rates for Water)	Amended
Service in Antelope Valley, Los)	
Angeles County.)	

Gray and Guy, attorneys, by Arthur D. Guy, Jr., for applicant.

Richard R. Entwistle and W. B. Stradley, for the Commission staff.

O P I N I O N

Berto A. Olson, an individual, by the above-entitled application filed May 23, 1957, as amended July 30, 1957, to set forth the estimated cost of the water system proposed to be initially installed, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in unincorporated territory of Los Angeles County about seven miles northwest of Lancaster. The establishment of rates is also sought.

A public hearing was held before Examiner Stewart C. Warner on November 12, 1957, at Lancaster. The matter was consolidated for hearing with Applications Nos. 37874 and 38642 of Great Western Water Service, Application No. 38322 of Herman C. Somner, doing business as Deep Well Water Company, and Application No. 39161 of Pearland Water Company. No protests to the granting of the application were entered.

Applicant, Dr. Berto A. Olson, a dentist, with a business office at 6331 Hollywood Boulevard, Hollywood 28, owns 240 acres of land, and W. G. Robinson owns 80 acres, comprising the SE $\frac{1}{4}$ of Section 16 and the SW $\frac{1}{4}$ of Section 15, T8N, R13W, SBB&M. The location of the area is shown on the map Exhibit "D" attached to the amendment to the application.

Applicant is in the process of subdividing his lands into 2 $\frac{1}{2}$ -acre parcels and plans to install a domestic water system to initially serve the first 32 lots as shown on the sketch Exhibit "A" attached to the application.

The source of water supply for the proposed area is an irrigation well owned by applicant, to be converted to domestic use, located in the northwest corner of the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 15. A pump test, made on April 20, 1955, by Southern California Edison Company, shows the production capacity of said well, with the presently installed pump driven by a 75-hp motor, to be 946 gallons per minute, as shown on Exhibit "B1" attached to the application. A later pump test dated April 11, 1957, by a pump company, as shown on Exhibit "B2" attached to the application, indicates that the presently installed pumping plant production capacity of the well is 1,350 gallons per minute. Exhibit "C2" is a chemical analysis of the water from the well dated April 9, 1957, which indicates that the water is potable.

Exhibit No. 2 is a statement, submitted by applicant's consulting engineering witness, showing the estimated cost of the initial system to serve the 80 acres owned by applicant, comprising the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 15 as shown on Exhibit "A" (supra), to be \$28,290.

The Robinson property, which comprises the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 16, adjoins the area in which the initial water system is proposed to be installed. Exhibit No. 1 is a request to applicant by Robinson that water service be furnished to Robinson's property.

Exhibit "D" attached to the application is a financial statement of applicant by the Bank of America, Hollywood Main No. 368 Branch, dated January 29, 1957. Said statement shows total assets of applicant to be approximately \$265,000, with current assets of \$27,000 against which there were total current liabilities of \$5,500. Applicant intends to finance the water system installation with his personal funds.

Applicant testified that he has no immediate plans to furnish water to the balance of his property.

Applicant requests authority to place in effect the following schedule of rates for general metered service. No other schedule of rates is requested to be established.

GENERAL METERED SERVICE

Monthly Quantity Rates	<u>Per Meter Per Month</u>
First 1,000 cubic feet	\$3.50
Next 2,000 cubic feet per 100 cubic feet	.20
Next 2,000 cubic feet per 100 cubic feet	.15
Over 5,000 cubic feet per 100 cubic feet	.10
Monthly Minimum Charges	
5/8" x 3/4" meter	\$ 3.50
3/4" meter	4.50
1" meter	6.00
1 1/2" meter	10.00
2" meter	20.00

From a review of the record it appears that the source of water supply and storage and distribution pipeline facilities are

adequate to supply the area initially proposed to be served and that applicant is financially able to carry out his plans to furnish water service to the adjoining 80 acres comprising Robinson's properties.

The Commission finds as a fact and concludes that public convenience and necessity require that applicant be granted a certificate of public convenience and necessity covering the 80 acres in the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 15, and the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 16; that the application should be granted in part and denied in part; that applicant should be restricted from furnishing water service outside the initially certificated area without further order of the Commission; but that by supplemental application hereto, and when the additional 160 acres have been developed, or when they show immediate promise or prospect thereof, and when applicant has formulated and drawn up a planned water system installation therein, he may seek a lifting of the restriction imposed hereinafter. The certificate of public convenience and necessity granted to applicant shall be 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 record shows that no other public utility water companies are in the vicinity of applicant's property, the nearest being a proposed water system operation of Great Western Water Service in the so-called Tullos Ranch area about two miles north of the instant area, the subject of Application No. 38642 (supra).

Applicant's proposed rate structure is not in general conformance with the rates of other public utility water service in the proposed area in Antelope Valley. The order hereinafter will authorize applicant to file a schedule of rates which reflect a more reasonable type for the proposed service.

O R D E R

Application as amended, as above entitled having been filed, a public hearing having been held, the matter having been submitted, and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That Berto A. Olson, an individual, be, and he is, granted a certificate of public convenience and necessity to construct and operate a public utility water system in the area comprising the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 15, and the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 16, T.8 N., R.13 W., S.B.B&M., in unincorporated territory of Los Angeles County about 7 miles northwest of Lancaster.
2. That applicant shall not extend his water system outside the area certificated herein without further order of the Commission.
3. That applicant be, and he 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, together with rules 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.
4. That applicant shall file, within forty 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 300 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 properties of applicant.

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 first 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 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 public 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.

7. That the authority herein granted will lapse if not exercised within one year from the effective date hereof.

8. That in all other respects, the application be, and it is, denied.

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

Dated at San Francisco, California, this 28th day of January, 1958.

[Handwritten signature]

President
[Handwritten signature]

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Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including 160 acres located immediately north of State Highway 138 and on both sides of 70th Street W., approximately 8 miles northwest of Lancaster, Los Angeles County.

RATES

Quantity Rates:	<u>Per Meter Per Month</u>
First 1,000 cu.ft. or less	\$ 3.00
Next 2,000 cu.ft., per 100 cu.ft.25
Next 7,000 cu.ft., per 100 cu.ft.15
Over 10,000 cu.ft., per 100 cu.ft.10
 Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.00
For 3/4-inch meter	3.75
For 1-inch meter	4.50
For 1 1/2-inch meter	6.00
For 2-inch meter	9.00
For 3-inch meter	20.00
For 4-inch meter	40.00

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