

ORIGINALDecision No. 57371

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Wm. G. Wilson,
 Walter Guy Wilson and Doris M.
 Samuelson, dba SOUTHWOOD PARK
 WATER COMPANY, to operate a water
 system in Sonoma County on the
 outskirts of the City of Santa
 Rosa, California, and to establish
 rates.

Application No. 40109

William G. Wilson, Walter Guy Wilson and Mrs.
Doris M. Samuelson, in propria personae, applicants.
Robert M. Bell, for Sanitation Engineers Office,
 Sonoma County, interested party.
 Board of Public Utilities of the City of Santa Rosa,
 by S. B. Hood, City Manager, Robert VanGuelpin,
City Engineer, and Richard B. Maxwell, City Attorney,
 protestants.
W. Ben Stradley, for the Commission staff.

O P I N I O N

By the above-entitled application, filed May 22, 1958,
 Wm. G. Wilson, Walter Guy Wilson and Doris M. Samuelson request a
 certificate of public convenience and necessity to operate a public
 utility water system to be known as Southwood Park Water Company in
 unincorporated territory on the outskirts of the City of Santa Rosa
 in Sonoma County. The application includes a proposed schedule of
 rates for general metered service and also a proposed flat rate for
 public fire hydrant service, and applicants ask that such rates be
 authorized for the water service to be rendered.

Public Hearing

A public hearing in the matter was held before Examiner
 E. Ronald Foster at Santa Rosa on June 27, 1958, at which time
 applicants produced affidavits to show that posting of notices and
 newspaper publicity had been effected as required. While no person
 appeared to oppose granting of applicants' request, a witness for the

City of Santa Rosa made objections to the proposed standards of construction, particularly in regard to the adequacy of the 4-inch water mains for fire protection purposes. After evidence both oral and documentary had been presented by applicants, the matter was submitted and is now ready for decision.

Applicants' Service Area

Applicants are now operating under the name of Sonco Enterprises, Inc., but wish to have the requested certificate of public convenience and necessity issued to them as individuals operating as a partnership, each having an equal one-third interest. Applicants stated their intention of forming a corporation at a later date. The territory which applicants propose to serve may be generally described as lying west of the Northwestern Pacific Railroad and both north and south of Hearn Avenue, about a mile south of the city limits of Santa Rosa. Applicants have asked that the certificate include an area outlined in green^{1/} as shown on the small scale map attached to the application as Exhibit "A" and which area has been measured to include nearly 400 acres north of Hearn Avenue and some 1,300 acres south of Hearn Avenue, making a total of approximately 1,700 acres. Exhibit "A" also shows a smaller area outlined in red,^{2/} lying entirely within the boundaries of Area "C", in which applicants have more or less definite plans for serving water in the immediate future, about 50 acres of which lie north of Hearn Avenue and approximately 100 acres south of it.

Applicants' initial operation will be in their Southwood Park Subdivision No. 5, comprising 19 residential lots, located north of Leo Drive and west of West Avenue and shown in detail on Exhibit "C" attached to the application. Exhibit No. 4 is a tentative map

^{1/} Sometimes hereinafter referred to as Area "G".

^{2/} Sometimes hereinafter referred to as Area "R".

of additional subdivisions of Southwood Park, also owned by applicants, to be developed in successive units and comprising a total of 304 lots, located south of Hearn Avenue. Exhibit No. 4 also shows an unsubdivided parcel south of Hearn Avenue and west of South Dutton Avenue, still a part of Area "R", which is proposed to be developed for commercial purposes as indicated on Exhibit "B" of the application. The same Exhibit "B" shows a narrow strip extending from the southern part of the 304-Lot Subdivision southward to Bellevue Avenue and containing 86 residential lots, likewise included within Area "R"; this narrow strip, now in 11 ownerships, is also intended by applicants to be used as a location for a sewage line to be installed in a southerly direction from the several subdivisions to a sewage disposal plant to be located south of Bellevue Avenue.

Exhibits No. 1 and No. 2 purport to be legal descriptions of the properties included in Areas "G" and "R", respectively. These descriptions are incomplete in that they do not show the lengths of the various courses and neither do they state the areas so enclosed. Furthermore, the description in Exhibit No. 2, referring to Area "R", has been found to be inaccurate and in need of being corrected.

Description of System

For the initial development in Subdivision No. 5, an irregular parcel measuring approximately 70 feet x 80 feet has been designated as a site for the water production facilities, including an existing well. This well is 12 inches in diameter, 200 feet deep, with an 8-inch casing and gravel packed, and has been tested as capable of developing a sustained production of 120 gallons per minute. The well will be equipped with a submersible pump, driven by a 15-horsepower motor, which will deliver the water into a 1,000-gallon hydro-pneumatic tank and thence through 80 feet of 6-inch pipe

connecting with 735 feet of 4-inch pipe to distribute water to the 19 lots through 3/4-inch services.^{3/} This pumping plant will be used as an auxiliary supply for the larger development.

Applicants plan to drill another well on a 50 foot x 50 foot parcel of land located just east of Lot No. 4 in Block No. 11 as shown on Exhibit No. 4. This well is planned to be of 24-inch diameter, between 500 and 600 feet deep, with 12-inch casing, gravel packed, and estimated to be capable of producing approximately 1,500 gallons of water per minute. The water from this well is planned to be pumped into a hydropneumatic tank and thence through about 70 feet of 8-inch pipe to the distribution system which is laid out to comprise some 7,465 feet of 6-inch pipe and 9,605 feet of 4-inch pipe, entirely circulating with the exception of two short dead ends. All services to residential lots are planned to be 3/4-inch copper piping.

All services will be metered. The subdivision plans indicate one fire hydrant to be located in Subdivision No. 5 and 10 fire hydrants attached to the distribution system in the 304-Lot Subdivision. Eventually there will be installed a 6-inch pipeline to interconnect the two pumping plants.

Plant Costs and Financing

The total revised estimated cost of the facilities to be installed in connection with Subdivision No. 5, as detailed in Exhibit "F" of the application, is approximately \$12,900. The approximate costs of the water system to be installed in connection with the 304-Lot Subdivision are detailed on Exhibit No. 5 and total \$119,713. The two systems will therefore cost in the neighborhood of \$132,600, which amount does not include the cost of the facilities to serve the 86-lot strip nor that of the interconnecting piping between the two pumping plants.

^{3/} For preliminary design, see Exhibit No. 3.

Exhibit "H" of the application consists of three financial statements made to American Trust Company as of April 30, 1958 by the three applicants, Wm. G. Wilson, Walter Guy Wilson and Doris M. Samuelson, who are designated as subdivider, general contractor and real estate broker, respectively. Their combined assets total \$682,622, of which amount current assets are listed at \$291,435 and against which are shown current liabilities of \$181,551, leaving net current assets of \$109,884. Other assets amount to \$391,187 which are partly offset by other liabilities of \$102,950, or a difference of \$288,237. Therefore the aggregate net worth of the three partners as of the date indicated was \$398,121.

Proposed Rates and Potential Revenue

Applicants propose a schedule of rates for metered service providing for a minimum charge of \$3 per month for a 5/8 x 3/4-inch meter with higher charges for larger size meters. Quantity rates for use in excess of the 500 cubic feet allowed for the \$3 minimum charge range through two blocks of usage at 25 and 20 cents per 100 cubic feet, and 15 cents per 100 cubic feet for monthly quantities used in excess of 2,000 cubic feet. Applicants also requested that a rate of \$1 per month be authorized for each public fire hydrant.

On the basis of full occupancy of all 19 residential lots in Subdivision No. 5, the potential gross revenue from the minimum charge would amount to nearly \$700 per year with some probable additional revenue from usage in excess of the amount included with the minimum charge. Applicants' estimate of annual operating expenses, including taxes and depreciation, is about \$800. It is apparent that applicants can expect little or no return on even the initial investment. Results based on further development of the larger subdivision are presently too indefinite to be estimated.

Views of Public Bodies

Although the city limits are about a mile away, the City of Santa Rosa has extended service from its system and is serving in unincorporated territory adjacent to applicants' proposed service area west of West Avenue and north of Hearn Avenue. However, the Board of Public Utilities of the City of Santa Rosa has informed applicants that to furnish city water to their subdivision would be contrary to the policy of the City as expressed in Resolution No. 4716 regarding annexation and the extension of utility services to territory outside the city limits, passed by the city council on February 21, 1956. At the hearing Samuel B. Hood, City Manager and a member of the Santa Rosa Board of Public Utilities, testified to the desirability of construction by the applicants to meet the standards of the City, particularly in regard to fire protection, in view of the possibility of annexation of this area within the next five or ten years. Applicants stated that their canvass of the area indicated that people there now are not in favor of annexation to the City. It was pointed out that the arrangement of the piping system as now planned would appear to meet normal standards for fire protection, since it is planned to locate the fire hydrants on 6-inch mains supplied from two directions and with two sources of supply. For adequate fire protection, applicants should check the spacing of the fire hydrants to avoid the possibility of excessive lengths of fire hose.

Exhibit No. 6 is a letter dated June 26, 1958, addressed to applicants by the fire chief of Roseland Fire District, recommending that one hydrant be installed at each block intersection and stating that hydrants must be of the steamer type. The letter further states that the fire department will not be liable for any service charge although it will supply care and maintenance for all

hydrants. In view of this letter, applicants requested that the proposed rate of \$1 a month per hydrant be eliminated from their request. If the applicants are expected to render fire protection service, then they should be properly compensated for the investment and operating costs involved in rendering that service in conjunction with the primary service of water for residential and other purposes. Applicants pointed out that it will add to the salability of the homes in the area if adequate fire protection service is provided and therefore expressed their willingness to consider the suggested possibility that the cost of installing hydrants might be borne by the subdividers and treated as plant contributed to the water utility. But if the utility is expected to install hydrants and render fire protection service at its own expense, then the fire protection agency should pay for the service rendered and, in turn, collect through taxes for the benefits extended to the property owners in the area. Proper rates depend upon such considerations as the type and size of hydrants installed, the size of the water mains to which they are connected and whether they are to be owned and maintained by the utility or by the fire protection agency. Provision for the capacity of the water supply and storage facilities in excess of requirements for purposes other than fire protection, as well as the water actually used for fire fighting purposes, involve an investment and expense for which the utility should be compensated. The order which follows will authorize applicants to file a schedule of rates for fire protection service rendered through public fire hydrants which will provide different rates for utility and fire protection agency-owned hydrants, which are comparable to those of similar utilities.

Exhibit No. 8 consists of a copy of a letter dated April 30, 1958 from the chairman of the Engineering Advisory Committee of the Sonoma County Planning Commission concerning Southwood Park

Subdivision No. 5. The letter states that the committee has no objection to the approval of water supply by a public utility provided that evidence satisfactory to the County Sanitation Engineer is submitted that the water is potable and meets certain other qualifications. The letter adds that a certificate of public convenience and necessity shall be secured from the State Public Utilities Commission prior to the filing of a final map and that prior to such filing the water distribution system and pertinent facilities shall have been submitted to and approved by the County Sanitation Engineer.

The application states that no franchise is required in Sonoma County for the construction of a water distribution system.

Miscellaneous Items

In addition to the subdivisions being developed by applicants themselves, Exhibit No. 7 was introduced to indicate the desire of other interested people to obtain water service for their properties at the following locations:

- (a) J. W. Bannister has 36 acres located on the south side of Bellevue Road and east of Primrose Avenue which he has indicated a desire to subdivide into 200 residential lots. These acres are within Area "G" but are outside of Area "R". Applicants stated that an existing school on the west side of Primrose Avenue has had trouble with its own water supply and would probably become a customer of the utility if service were made available to it.
- (b) Harvey Sullivan, president of El Van Corporation, is interested in the development of 17.54 acres located on the east side of Stony Point Road, just within the northern boundary of Area "G". Applicants allege that a Junior High School is to be located on the west side of Stony Point Road at about this same location, which would also take water from the utility if it were made available. This possible development is a considerable distance from Area "R".

- (c) George H. and Mary Momsen own five acres on the south side of Hearn Avenue, a short distance east of South Dutton Avenue, within Area "G" but not quite contiguous to Area "R".
- (d) Hermina D. Wolff owns 7-1/2 acres west of South Dutton Avenue and south of Hearn Avenue, which parcel appears to be a part of the area designated for commercial purposes on Exhibit "B" in Area "R".

In order to be served by applicants, the first three of the above non-contiguous areas would require long extensions of mains or else additional wells would have to be developed, with accompanying distribution systems.

Findings and Conclusions

The water supply and distribution system proposed to serve the initial development in Subdivision No. 5 appear to be well designed to meet the requirements of General Order No. 103. Assuming that the water supply facilities and distribution system to be installed to serve the subdivided areas south of Hearn Avenue will be designed likewise to meet the requirements of General Order No. 103, there should be no difficulty in rendering adequate service.

It appears that the water systems proposed to be operated by applicants will be needed by those who will live in the subdivisions as fast as development occurs, and that no other water system is now available in the territory sought to be served by applicants.

Applicants appear to be financially capable of carrying out the proposed construction and operation of the water systems for the developments planned in Area "R". However, it appears that it would not be in the public interest to grant a certificate to applicants for the entire territory designated as Area "G" until applicants have proven their ability to finance the development of water supply facilities immediately contemplated and to render adequate and

satisfactory service within Area "R". Therefore, the certificate of public convenience and necessity to be granted herein will include Area "R" only. When and if future developments indicate the need for extending the service area to include additional acreages which are non-contiguous to the area certificated herein, applicants may again request the necessary certificate by making a new or supplemental application therefor.

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 applicants for service in Area "R" as hereinabove described.

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 for 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 to Wm. G. Wilson, Walter Guy Wilson and Doris M. Samuelson, a partnership doing business as Southwood Park Water Company, to construct and operate a public utility water system or systems for the distribution and sale of water within the unincorporated territory outlined by a red line on Exhibit "A" attached to the application herein and as more

specifically intended to be described by Exhibit No. 2 filed in this proceeding, located about a mile south of the City of Santa Rosa, in Sonoma County.

IT IS FURTHER 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 file, prior to the commencement of service as herein authorized, four typewritten copies of a written description of the territory outlined by a red line on Exhibit "A" attached to the application herein, which description shall correct the deficiencies and inaccuracies of the description filed as Exhibit No. 2 in this proceeding by including the lengths, in feet, of the various courses and stating the approximate area, in acres, of the said territory.

3. That applicants, prior to the commencement of service as herein authorized, shall certify to the Commission, over their signatures, that they are the owners of the assets and business of the aforesaid water system or systems, including the lots or areas on which the wells and related water supply facilities are to be located, as evidenced by appropriate deeds and bills of sale.

4. 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.

5. That, if the authorization herein granted is exercised, applicants shall dedicate to water utility purposes the lots or areas on which the wells and related water facilities are to be located and also any easements or permits where mains are to be located in lots, other than in streets, including the right of way for the proposed pipeline interconnecting the two wells, and shall file with the Commission, within thirty days after the initial 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. That applicants shall file, within forty-five days after the initial 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 600 feet to the inch, delineating by appropriate markings the several 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.

7. 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.

8. That the application, except as specifically herein granted, be and it is denied without prejudice.

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 29th day of September, 1958.

E. L. Fox
President
W. L. Mitchell
W. L. [unclear]
W. L. [unclear]
Theodore Jenner
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Southwood Park, and vicinity, located approximately one mile south of the City of Santa Rosa, Sonoma County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 500 cu. ft. or less	\$3.00
Next 500 cu. ft., per 100 cu. ft.25
Next 1,000 cu. ft., per 100 cu. ft.20
Over 2,000 cu. ft., per 100 cu. ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$3.00
For 3/4-inch meter	3.50
For 1-inch meter	4.50
For 1 1/2-inch meter	7.00
For 2-inch meter	10.00
For 3-inch meter	15.00
For 4-inch meter	25.00

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

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated area known as Southwood Park, and vicinity, located approximately one mile south of the City of Santa Rosa, Sonoma County.

RATES

	<u>Per Hydrant Per Month</u>
For hydrants owned by and maintained at the expense of the:	
1. Public authority	\$1.00
2. Utility	3.00

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. Relocation of any hydrant shall be at the expense of the party requesting relocation.

3. 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.