

ORIGINALDecision No. 57919

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 JOHN M. ARSENIO and HARRY F. COCHRANE,
 doing business under the name and
 style of Arsenio & Cochrane Water Service,
 for a certificate of public convenience
 and necessity under Section 1001 of the
 Public Utilities Code to furnish water to
 Home Garden Tract Numbers 2 and 3 in the
 County of Kings. }

Application No. 40450

*
Clarence H. Wilson, for applicants.
George M. Minturn, City Manager, for the City of
 Hanford and Fred L. Johnston, Jr., for a group
 of Home Garden residents, interested parties.
W. B. Stradley, for the Commission staff.

O P I N I O N

This application was filed on September 23, 1958. Public hearing was held before Examiner John Power at Hanford on November 6, 1958. At the conclusion of the hearing the matter was submitted subject to the receipt of two late-filed exhibits. These were received on November 12 and the matter is ready for decision.

Applicants seek a certificate of public convenience and necessity to serve two tracts about a mile south of the city limits of Hanford in Kings County. These are designated Home Garden Tracts Nos. 2 and 3. Both are located at the intersection of Tenth Avenue and Houston Avenue, Tract 3 being west and Tract 2 east of Tenth Avenue. Tract No. 3 lies in the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 1, TW 19S, R 21 E, M.D.B. & M.

Tract No. 3 is approximately thirty acres in extent and has been subdivided into 101 platted lots. Most of the lots are 60 feet by 165 feet, or slightly less, in area. Tract No. 3 has about 820 feet of frontage on 10th Avenue suitable for commercial developments.

Tract No. 2 consists of approximately 45 acres. It was subdivided some years ago and contains 80 or 90 houses served by individual wells.

The nearest point on the City of Hanford water system is 6,400 feet distant. The City Manager stated that the city would serve the two tracts under its main extension rule. It would not, however, protest the application because of the great distance from its service area.

The system installed in Tract No. 3 will be supplied from a well drilled on Lot 90 in that tract. The well is drilled to a depth of 396 feet with a diameter of twenty inches. 396 feet of ten-inch diameter, ten-gauge casing has been installed. The water will be raised by a deep well turbine pump driven by a 20 hp electric motor and delivered into a 3,000-gallon steel pressure tank. This installation is capable of delivering 350 to 400 gallons per minute at system pressures of 35 to 55 pounds per square inch. A larger pump and motor can be installed in this well if needed. 2,060 feet of 6-inch and 3,100 feet of 4-inch dipped and wrapped steel main have been and are to be installed. One-inch services will be installed for each lot.

Applicants did not propose any plans for standby facilities to assure continuity of water supply when its single source of supply is not operable. Such standby facilities are necessary and will be required. The applicants have various

alternatives with respect to standby facilities which include the equipping of an additional well, providing storage and booster facilities, or making arrangements for a connection with any other available water supply in the vicinity acceptable for human consumption.

Applicants propose to serve at flat rates. The rates requested are \$7 per month for residences and \$10 per month for commercial establishments. They base these rates on certain estimates of expenses at which they have arrived. It appears that both the rates themselves and the operating expenses are excessive when compared to those of similar systems in the Kings-Tulare Counties area. Depreciation accruals are calculated on estimated service lives which are much too short. Experience of other water utilities and fairness as between different commercial users dictate a preference for metered over flat rates to business users. A schedule of rates based on a residential flat rate of \$4.25 per month will be authorized. It will include no business flat rates. ✓

The Commission is of the opinion that public convenience and necessity do not require a certificate for water service in Tract No. 2 at this time. ✓

The Commission finds and concludes that public convenience and necessity require that a certificate be granted for Tract No. 3. It further finds and concludes that the rates set forth in the appendix to the following order are fair and reasonable.

The certificate granted in and by the following order 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 HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to John M. Arsenio and Harry F. Cochrane to construct and operate a public utility system for the distribution and sale of water in Home Garden Tract No. 3, Kings County, Tract No. 108, as shown on a map, Exhibit No. 4 in evidence herein.

IT IS FURTHER ORDERED as follows:

1. (a) 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 furnished 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 on five days' notice to this Commission and to the public after filing as hereinabove provided. ✓
- (b) Applicants shall notify this Commission, in writing, of the date service is first furnished to the public under the rates and rules authorized herein, within ten days thereafter.
- (c) Applicants shall file, within forty days after the system has been placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale not smaller than 200 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.
- (d) 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 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.

2. If the authority herein granted is exercised, applicants shall, within ninety days thereafter, provide standby facilities to assure continuity of water supply and shall furnish the Commission in writing with a complete description of such facilities within ten days after so providing.

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

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

Dated at Los Angeles, California, this 27th
day of January, 1959.

L. L. Fox
President
W. E. D. Hill
W. E. D. Hill
Theodore D. Hill
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including the subdivision known as Home Garden Tract No. 3 and vicinity, located at the intersection of Houston and Tenth Avenues approximately one mile south of the City of Hanford, Kings County.

RATES

		Per Meter Per Month
Quantity Rates:		
First	1,000 cu.ft. or less	\$ 3.25
Next	2,000 cu.ft., per 100 cu.ft.20
Next	2,000 cu.ft., per 100 cu.ft.18
Next	5,000 cu.ft., per 100 cu.ft.15
Over	10,000 cu.ft., per 100 cu.ft.12
Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 3.25
For	3/4-inch meter	4.00
For	1-inch meter	6.00
For	1½-inch meter	11.00
For	2-inch meter	16.00

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

APPENDIX A
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Schedule No. 2R
RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including the subdivision known as Home Garden Tract No. 3 and vicinity, located at the intersection of Houston and Tenth Avenues approximately one mile south of the City of Hanford, Kings County.

RATES

	Per Service Connection Per Month
For a single family residence, including premises not exceeding 10,000 sq.ft. in area	\$ 4.25
a. For each additional residence on the same premises and served from the same service connection	2.00
b. For each 100 sq. ft. of area in excess of 10,000 sq. ft.03

SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. Meters 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.