

ORIGINALDecision No. 58227

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
RICHARD W. PORTER and EVA V. PORTER,)	
his wife, for a Certificate of)	
Public Convenience and Necessity to)	Application No. 40732
Construct and Operate a Water System)	(Amended)
and Fix the Rates for such Service.)	

John T. Kenward, for applicants.W. B. Stradley, for the Commission staff.O P I N I O N

By the above entitled application filed January 8, 1959 and amended by filing of January 20, 1959, Richard W. Porter and Eva V. Porter, his wife, request a certificate of public convenience and necessity to construct and operate a public utility water system to serve an area known as Hillcrest Manor Subdivision, located approximately one mile southwesterly of the city limits of Yuba City in Sutter County.

Public Hearing

A public hearing on the application was held before Examiner E. Ronald Foster at Yuba City on February 26, 1959, prior to which time notices of hearing thereon were published and posted as required by this Commission. No person appeared to oppose the granting of applicants' request. At the hearing applicants stated their intention to conduct utility operations under the name of Hillcrest Water Company. After evidence both oral and documentary had been presented, the matter was submitted and is now ready for decision.

Service Area

The proposed service area and the water system installed therein are shown on a map of Hillcrest Manor Subdivision attached to the application as Exhibit "A". The tract lies north of Lincoln Avenue and east of U. S. Highway No. 40 Alternate and it consists of approximately twenty acres containing a 3-acre area set aside as a future shopping center and 55 residential lots ranging from about 8,500 to 11,000 square feet in size. A portion of Lot 24 has been reserved for public water utility purposes. Applicants plan to construct single family homes on all residential lots. Three model houses are nearing completion and applicants expect to build the remaining number before the end of 1959.

A similar area known as Hillcrest Meadows Subdivision, previously developed by applicants and now fully occupied, lies just across Lincoln Avenue and is served by a public utility water system operated under the name of Lukins Brothers Water Company. To provide reciprocal standby facilities for the two systems, applicants plan to install a pipeline, with a shut-off valve, across Lincoln Avenue, there being 8-inch mains conveniently available for the purpose.

Description of System

In what will be Lot 24-A of Hillcrest Manor there is an existing 12-inch diameter cased well, 78 feet deep, which produced 800 gallons of water per minute when tested in September, 1958. Applicants intend to equip the well with a 20-horsepower deep-well turbine pump capable of delivering between 350 and 425 gallons of water per minute against system operating pressures. The pump will deliver the water into a 5,000-gallon hydropneumatic tank to be located at the well-site, with controls set to maintain the system pressure between 50 and 65 pounds per square inch.

The distribution system serving the tract, now mostly all installed, will consist of about 1,800 feet of 8-inch, 920 feet of 6-inch and 336 feet of 4-inch dipped and wrapped 10-gauge steel pipe laid in streets within the subdivision. Double service connections from the mains are of 1½-inch galvanized pipe, with 1-inch individual services to each lot. There are seven wharf-type fire hydrants attached to the system, with 4-inch risers and 2½-inch hose outlets.

The estimated installed cost of the water system for the entire subdivision, except for the future tie-in with the Hillcrest Meadows system, as shown in Exhibit "E" attached to the application and distributed to plant accounts, is as follows:

<u>Acct. No.</u>	<u>Description</u>	<u>Amount</u>
301	Organization	\$ 450
306	Land - pumping plant site	2,000
311	Pump house, tank cover and fence	1,617
315	Well, including test pumping	740
324	Pumping equipment	2,585
342	Pressure tank and fittings	3,303
343	Transmission and Distribution Mains	9,644
345	Services	1,898
348	Fire hydrants	743
---	Engineering (Undistributed)	<u>1,000</u>
		\$23,980

Financing

Applicants exhibited cancelled checks indicating that they have already expended about \$13,000 for the installation of the distribution system. Substantiated by a balance sheet showing their net worth to be nearly \$44,000 as of December 31, 1958 (Exhibit No. 1), applicants represent that they have ample financial resources with which to complete the construction of the water system, without encumbrances.

Proposed Rates and Potential Revenue

At the hearing applicants amended their proposed schedule of residential flat rates to exclude additional charges for swimming

pools and evaporative type coolers. The flat rates now requested are \$4.50 per month for single family residences and \$2.00 per month for each fire hydrant. Although they do not intend to install meters on residential services, applicants proposed the same schedule of rates for general metered service as that now on file for Hillcrest Meadows, with a minimum charge of \$3.50 for 700 cubic feet of water per month and block rates ranging from 25 cents per 100 cubic feet to 15 cents per 100 cubic feet for monthly consumptions in excess of 6,000 cubic feet.

Without including any revenue from future metered service to the shopping center area, the annual gross revenue from service at the proposed flat rates to 55 residences when fully developed and to seven fire hydrants will total \$3,138. Applicants' estimated annual cost of operation of the water system, including taxes, is \$1,700 to which some amount should be added for depreciation expense. Applicants are aware of the probability that little or no return on the total investment can be expected unless and until full development of the subdivision is accomplished. Applicants' proposed rates do not appear to be unreasonable for the service to be rendered and they will be authorized.

Miscellaneous Items

Applicants' witness testified that operation of the water system will be conducted from an office in Yuba City for the purpose of receiving customer inquiries and personal payment of water bills. The office address and appropriate telephone numbers will be shown on all bills for water service.

The County of Sutter requires no franchise or permit to operate a water distribution system, according to applicants' testimony.

As soon as the pumping plant is installed on the existing well, applicants will file with the Sutter-Yuba Health Department an application for a water supply permit.

Findings and Conclusions

Applicants' proposed water system appears to be well designed to meet the requirements of the Commission's General Order No. 103 and, when so completed with the addition of suitable standby facilities, there should be no difficulty in rendering adequate service. It appears that applicants are financially capable of carrying out their proposed construction and operation of the water system.

In order that the property on which the well and related facilities are located be dedicated to public utility operations, as well as easements for pipelines which will not be located in public streets, applicants will be required to file with the Commission documentary evidence to that effect.

The Commission finds that public convenience and necessity require that the requested certificate be granted and that the rates shown in Appendix A attached hereto are fair and reasonable.

The certificate hereinafter 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 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.

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 Richard W. Porter and Eva V. Porter, his wife, doing business as Hillcrest Water Company, to construct and operate a public utility system for the distribution and sale of water within Hillcrest Manor Subdivision in Sutter County, as shown on maps attached to the application herein.

IT IS FURTHER ORDERED that:

1. 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. 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. 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 50 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. 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.

5. If the authorization herein granted is exercised, applicants shall dedicate to public utility purposes the lot or area on which the well and related water facilities are located and any easements or permits where water mains will be located, otherwise than in public streets, including the right of way for the transmission line from the well into the subdivision, and shall file with the Commission, not later than 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. If the authorization herein granted is exercised, within ninety days after the system is first placed in operation under the rates and rules authorized herein, applicants shall provide standby facilities to assure continuity of water supply, by installing a pipeline not smaller than six inches in diameter to interconnect applicants' system with that supplying water service in the adjacent Hillcrest Meadows Subdivision or otherwise, and applicants shall furnish the Commission a complete written description of such facilities within ten days after they have been so provided.

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 17th day of April, 1959.

E. J. Fox
President

W. E. Fisher

W. H. Fisher

Theodore H. Fisher

Ernest R. Fisher
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including the subdivision known as Hillcrest Manor, and vicinity, approximately 1-1/2 miles southwesterly of the City of Yuba City, Sutter County.

RATES

Per Meter
Per Month

Quantity Rates:

First 700 cu.ft. or less	\$ 3.50
Next 1,000 cu.ft., per 100 cu.ft.25
Next 1,300 cu.ft., per 100 cu.ft.20
Next 3,000 cu.ft., per 100 cu.ft.18
Over 6,000 cu.ft., per 100 cu.ft.15

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 3.50
For 3/4-inch meter	4.50
For 1-inch meter	6.25
For 1 1/2-inch meter	10.00
For 2-inch meter	13.00

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 including the subdivision known as Hillcrest Manor, and vicinity, approximately 1-1/2 miles southwesterly of the City of Yuba City, Sutter County.

RATE

Per Service Connection
Per Month

For each single family residence, including premises of one subdivision lot	\$4.50
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SPECIAL CONDITIONS

1. The above residential flat rate charge applies to service connections not larger than one inch in diameter and does not include service to swimming pools.
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.

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 including the subdivision known as Hillcrest Manor, and vicinity, approximately 1-1/2 miles southwesterly of the City of Yuba City, Sutter County.

RATE

Per Month

For each hydrant \$2.00

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. 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.