

Decision No. 58886**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 R. C. and Ethel V. Soultz, dba Tulco)
 Water Co. A. A., a privately owned)
 company, for a certificate of public)
 convenience and necessity to operate)
 a public utility water system and to)
 establish rates for water service in)
 an unincorporated area south and)
 east of Tulare, California, known as)
 Tract No. 132, Allen Acres, as set)
 forth in Section 1001 of the Public)
 Utility Code.)

Application No. 41003

Robert C. Soultz, for R. C. Soultz and Ethel V.
 Soultz, applicants.
W. B. Stradley, for the Commission staff.

O P I N I O N

By the above-entitled application filed April 3, 1959,
 R. C. Soultz and Ethel V. Soultz request a certificate of public con-
 venience and necessity to construct and operate a public utility
 water system under the name of Tulco Water Co. to serve an
 unincorporated area known as Tract 132 located approximately three
 miles easterly of the City of Tulare.

Public Hearing

A public hearing on the application was held before Examiner
 Wilson E. Cline at Tulare on June 11, 1959, prior to which time notice
 of hearing was published as required by the Commission. No person
 appeared to oppose the granting of applicant's request. Robert C.
 Soultz testified on behalf of applicants in support of their applica-
 tion. The matter was taken under submission at the close of the hear-
 ing and is now ready for decision.

Service Area

The service area is a subdivision in Tulare County known as Tract 132, approximately 18 acres, bounded on the north by McCallister Lane and on the south by Hospital Road with Allen Way proceeding north and south through the subdivision. Tract No. 132 will be divided into approximately 80 building sites.

Description of System

The water system will be supplied with water from a well approximately 150 feet deep equipped with a 20-horsepower pumping unit having an estimated capacity of 550 gallons per minute against a line pressure of 30 pounds per square inch. A water tank with a capacity of 3,000 gallons and approximately 2,750 feet of a 4-inch asbestos cement water pipe is to be installed. It is proposed that there be one-inch service connections for each lot. Three fire hydrants will be installed, one at each end of Allen Way and one in the middle of the subdivision on Allen Way. A standby supply of water can be obtained as soon as growth of the water system warrants such additional supply.

As revised at the hearing, the estimated installed cost of the water system for Tract No. 132 is as follows:

<u>Description</u>	<u>Amount</u>
Organization	\$ 350.00
Land, one lot	1,500.00
Structure and fencing	500.00
Well, 10-inch diameter, 150 feet deep	1,000.00
Pumping unit, 20-horsepower	2,750.00
Tank and fittings, 3,000-gallons	1,475.00
Transmission distribution lines, 2,750 feet of 4-inch	5,500.00
Services, 80 one-inch	2,240.00
Fire Hydrants	<u>225.00</u>
Total	\$15,540.00

Financing

The proposed water system will be financed with personal funds. The financial statement of R. C. Soult, as of December 31,

1958, included in the application, shows a net worth of \$140,517.65, consisting of a home worth \$35,000; \$93,621.95 net worth of Soult's Pump Co., and \$11,895.70 net worth of Tulco Water Co. (Visalia Plant).

Proposed Rates and Potential Revenue

Applicants propose to render metered service at the same rates at which service is being rendered by their Visalia plant. The basic flat rates hereinafter authorized, however, apply to a somewhat larger area of lot than is allowed by the rates for the Visalia system.

The requested flat rate for a single family residence, including premises not exceeding 9,000 square feet in area, is \$4.00 per month, and three cents per month for each 100 square feet of area in excess of 9,000 square feet.

Applicants' requested flat rate schedule provides that meters may be installed at the option of the utility or the customer in which case the following meter rates would apply:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
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
Next 10,000 cu. ft., per 100 cu. ft.	.12
 <u>Minimum Charge</u>	
For 5/8 x 3/4-inch meter	3.25
For 3/4-inch meter	4.25
For 1-inch meter	6.50
For 1 1/2-inch meter	11.00
For 2-inch meter	16.00

Eighty services at an estimated average monthly rate of \$4.00 per service would produce an annual income of \$3,840.00. Applicants' estimated annual expenses total \$3,079.00, leaving a net profit of \$761.00 after the system is fully in operation.

Miscellaneous Items

No other public utility water company is available to serve the area for which certification is requested.

It appears that no franchise or permit is required from any local governmental body. The streets and alleys in the subdivision are dedicated to the County of Tulare but easements have been reserved to lay the pipe mains along the streets and alleys.

Applicants are already operating a water system in Visalia under the name of Tulco Water Co. According to applicants' witness, the water system in Tract 132 is to be operated in conjunction with and under the same name as the system in Visalia.

Findings and Conclusions

In view of the evidence the Commission is satisfied that applicants' proposed water system will be adequate. It appears that applicants are financially capable of carrying out their proposed construction and operation of the water system. Further, the Commission finds as a fact that public convenience and necessity require and will require that the proposed public utility water system be constructed, maintained and operated and that the certificate sought should be granted. The Commission also finds that the rates which applicants propose to charge are fair and reasonable rates for the services to be rendered and should be authorized.

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 R. C. Soultz and Ethel V. Soultz, to construct, operate and maintain a public utility water system called Tulco Water Co., for the production, storage, transmission, distribution and sale of water within the area known as Tract No. 132, Allen Acres, in the County of Tulare as shown on Exhibit A attached to the application in this proceeding.

IT IS FURTHER ORDERED as follows:

1. Applicants are authorized to file, on or after the effective date of this order, the rates for flat rate service set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public and, concurrently with such filing, to revise such of their presently effective tariff schedules for their water system near Visalia, Tulare County, excepting therefrom Schedule No. 2, Residential Flat Rate Service, as are necessary to provide for the application of their rules in the area being certificated herein, together with a tariff service area map of such newly certificated area acceptable to this Commission and in accordance with the provisions of General Order No. 96. Such rates, revised tariff sheets, rules and tariff service area map shall become effective upon five days' notice to the public and to this Commission 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, within sixty days after the system is first placed in operation under the rates and rules authorized herein, shall file with this Commission four copies of a comprehensive map, drawn to a scale not smaller than 200 feet to the inch, delineating by appropriate markings the various tracts of land and territory

served; the principal water production, storage, transmission and distribution facilities; and the location of the various water system properties of applicants.

4. Applicants shall base accruals to depreciation upon spreading the original cost of depreciable plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; further, applicants shall review the accruals as of January first of the year following the date service is first rendered the public and thereafter when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of such reviews shall be submitted to the Commission.

5. The certificate and the authorization hereinabove granted will expire if not exercised within one year from the effective date of this order.

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

Dated at San Francisco, California, this 18th day of August, 1959.

Ernest R. Frank
 President

[Signature]

[Signature]

Theodore J. [Signature]
 Commissioners

Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.

L-11003 jo

APPENDIX A

Schedule No. A-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 Allen Acres, Tract No. 132, and vicinity, located approximately three miles east of the City of Tulare, Tulare County.

RATES

Per Service Connection
Per Month

For a single family residence, including premises not exceeding 9,000 sq.ft. in area \$4.00

For each 100 sq.ft. of area in excess of 9,000 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.