

Decision No. 59612**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation into the status,  
 operations, rates, contracts,  
 practices and services of the  
 HILMAR WATER WORKS, a California  
 corporation.

Case No. 6363

Dwayne W. Anderson, Otto Fremont Klint, William  
Ahlem, and C. A. Mord, for Hilmar Water Works,  
respondent.  
William C. Ericca, for the Commission staff.

O P I N I O NNature of Proceeding

On October 6, 1959, the Commission issued its Order Instituting Investigation in the above-entitled proceeding, pursuant to Section 2707 of the Public Utilities Code, for the purpose of determining:

1. Whether Hilmar Water Works is a public utility water corporation subject to the jurisdiction, control and regulation of this Commission pursuant to Sections 216, 241, 2701, 2702 and 2703 of the Public Utilities Code.
2. Whether respondent has begun construction of a line, plant or system or any extension thereof without having obtained from the Commission a certificate that the present or future public convenience and necessity require or will require such construction as set forth in Section 1001 of the Public Utilities Code.
3. Whether to enter any other order or orders that may be appropriate in the lawful exercise of the Commission's jurisdiction.

Public Hearing

After due notice, public hearing was held upon this investigation before Examiner William W. Dunlop on January 6, 1960 at Hilmar, Merced County, California. The Commission staff questioned

the secretary-treasurer and one other representative of Hilmar Water Works as adverse party witnesses. At the conclusion of the day's hearing, the matter was taken under submission and now is ready for decision.

Summary of Evidence

The evidence reveals the following:

1. Hilmar Water Works was incorporated in 1950 as a California corporation and presently furnishes water for domestic and other purposes to approximately 143 services in and adjacent to Hilmar, Merced County.

2. The area served by Hilmar Water Works is delineated on the map filed as Exhibit No. 1. No other public utility furnishes water service in the area served by Hilmar Water Works.

3. Essentially, Hilmar Water Works operates two systems. One system serves Hilmar townsite through two wells, two pumps and required distribution mains and facilities. The second system serves Hilmar High School Subdivision with one well and pump and necessary distribution mains and facilities. There is a connection, for emergency use, between the facilities of Hilmar Water Works and the system of the High School.

4. All services are billed at monthly flat rates, as follows: \$2.00 for a 3/4-inch service connection and \$3.00 for a 1 1/2-inch service connection. There are only two service connections of 1 1/2-inch size, all others being 3/4-inch.

5. New customers are charged a connection fee of \$25, although some new customers have furnished labor in lieu of the \$25 fee. Hilmar Water Works has not refused to serve any party.

6. Originally Hilmar Water Works supplied water only to the owners of the water system. However, about 1938 the owners started supplying service first to their neighbors and then to all others who desired water from the system. A charge has been made for such water service.

7. Presently there are eight owners of Hilmar Water Works, each of whom is a member of the board of directors. The officers of the corporation are: Arnold L. Anderson, President, William Ahlem, Vice President, and Dwayne W. Anderson, Secretary-Treasurer. No stock has been issued by the corporation.

8. There are no full-time employees on the payroll of the corporation, part-time labor being hired as required. The secretary-treasurer receives 10 percent of the gross

revenues, or some \$25 to \$30 per month, for the services he performs for the corporation.

9. Hilmar Water Works has not maintained records in accordance with the Uniform System of Accounts prescribed by this Commission for water utilities. The original cost of the plant and the related depreciation reserve requirement are unknown at this time. However, respondent is willing to prepare an inventory and appraisal of the plant and a depreciation reserve requirement study.

#### Findings and Conclusions

Based upon the evidence of record, it is hereby found as a fact that the water system and operative properties owned by Hilmar Water Works, a California corporation, supplying water for domestic and other purposes at Hilmar, Merced County, within the area as delineated on the map filed as Exhibit No. 1, have been dedicated to the public use and that said Hilmar Water Works is a public utility water corporation and, as such, is under the control and jurisdiction of the Public Utilities Commission of the State of California. The fact that respondent is here found to be a public utility requires that the Commission direct respondent to comply immediately with those provisions of the Public Utilities Code which impose particular duties upon each public utility, such as the filing and observance of rate schedules, together with the rules affecting service.

#### O R D E R

The above-entitled matter having been heard, and the evidence therein having been fully considered, the matter is now ready for decision based upon the findings and conclusions contained in the foregoing opinion; therefore,

IT IS ORDERED as follows:

1. Hilmar Water Works, having been found to be a public utility water corporation, shall within thirty days after the

effective date of this order, prepare and file with this Commission, in quadruplicate and in conformity with the Commission's General Order No. 96, rates for water service furnished to its patrons, which rates shall not be higher than the rates presently charged for such water service. Such rates shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

2. Within forty-five days after the effective date of this order, Hilmar Water Works shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, and acceptable to this Commission, rules governing customer relations reflecting present-day operating practices, a tariff service area map and samples of printed forms which are to be used in connection with customer service. Such rules, tariff service area map and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Within sixty days after the effective date of this order, Hilmar Water Works shall file with this Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 400 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 water utility properties of respondent.

4. Within six months after the effective date of this order, Hilmar Water Works shall prepare and file with this Commission an inventory and original cost appraisal of its water system properties, together with the related depreciation reserve requirement.

5. Within thirty days after the effective date of this order, Hilmar Water Works shall file with this Commission a copy of a water

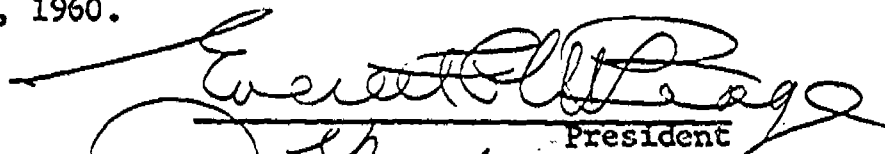
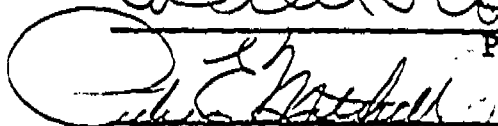
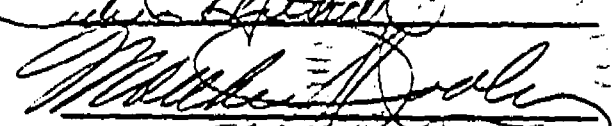
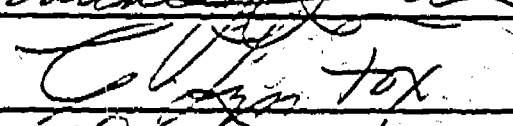
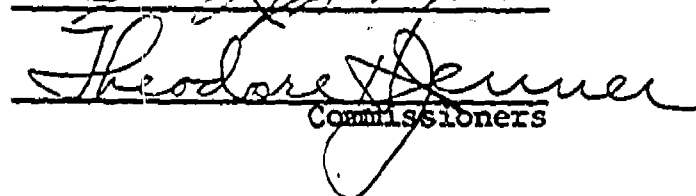
supply permit issued by the appropriate Department of Public Health or a copy of an application for such permit if the permit has not yet been issued.

6. Hilmar Water Works 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. Respondent shall review the accruals when major changes in plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

7. Hilmar Water Works shall not supply water service outside of its service area as delineated on Exhibit No. 1 except through extensions of its existing system made in the ordinary course of business, as contemplated by Section 1001 of the Public Utilities Code.

The Secretary is directed to cause a certified copy of this decision to be served upon Hilmar Water Works, and the effective date of this order shall be twenty days after the date of such service.

Dated at San Francisco, California, this 1st day of February, 1960.

  
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President  
  
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Commissioners