

Decision No. 62152**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of EASTON ESTATES WATER  
 COMPANY, a California corporation,  
 for a certificate of public conveni-  
 ence and necessity to operate a public  
 utilities water system and to establish  
 rates for water service in an unincor-  
 porated area in Fresno County, California,  
 described below, under Section 1001, et.  
 seq. of the Public Utilities Code of the  
 State of California, and for a permit to  
 issue capital stock of applicant corpora-  
 tion.

Application No. 43171

V. E. Bjorklund, for applicant.  
W. B. Stradley and Sidney J. Webb,  
 for the Commission staff.

O P I N I O N

By this application, filed February 23, 1961, Easton Estates Water Company, a California corporation (1) seeks a certificate of public convenience and necessity to construct a public utility water system in a territory lying east of the unincorporated town of Easton, Fresno County, California, referred to as the Easton Village Tract 1826; (2) requests authority to establish rates and charges for the service to be rendered by said water system, and (3) seeks authority to issue capital stock in the amount of \$28,300.

Public hearing was held before Examiner Martin J. Porter in Fresno on April 5, 1961, and the matter submitted.

Facts

Easton Village Tract 1826, the area for which a certificate is requested, is located near the intersection of Cherry and Lincoln Avenues approximately four miles south of the City of Fresno.

This area will eventually contain about 54 homes for which water service will be required. The lots in this tract will average about 9,000 square feet in area.

The source of supply for the water system is to be a well drilled in the northwest corner of the tract. This well is to be equipped with a 50-horsepower electric motor directly connected to a deep-well pump set at about 100 feet. Standing water level in this area is about 40 feet below the surface.

Exhibit 2 attached to the application shows that the cost estimate of \$28,318 for the construction of the water system was based on the installation of meters. If meters are not installed the estimate should be reduced by \$3,470 to \$24,848.

Applicant proposes to issue to the developers 283 shares of capital stock at \$100.00 per share, in the aggregate par value of \$28,300, in exchange for the facilities constructed. Any amount expended by the developers in excess of the authorized capital stock of the applicant shall be deemed to be paid in surplus of the applicant corporation. The developers of the tract will, in the installation of the water system, use competitive bids by licensed water contractors in the State of California to determine costs.

As the system has not been constructed the applicant has not made application to the appropriate health authority for a water supply permit.

Applicant, although planning to install fire hydrants within the tract, has not proposed a fire hydrant schedule; however, testimony at the hearing indicates that a rate of \$3 per hydrant per month is contemplated.

On a rate base of \$28,318 using applicant's proposed meter rates the rate of return would be 4.4%. On a rate base of \$24,848 using the flat rate proposed applicant's witness testified that

the rate of return would be 3.4%. These rates of return are based on full development and occupancy of the tract.

A Commission staff engineer introduced Exhibit No. 1, a memorandum covering the results of his field investigation. He testified that the proposed distribution system appears to be properly designed to furnish adequate service and conforms with the standards prescribed by the Commission's General Order No. 103. He pointed out that there is no provision, however, for an alternate source of supply or stand-by facilities to be available when the single well source is shut down for repair or maintenance.

It is estimated that a second well and a pump for stand-by service would cost \$4,000.

It is the position of the applicant that, as this is a small development for housing in the lower income brackets, the cost of installation of the water system and the cost of water to the consumers should not be increased by providing for continuity of service under all possible contingencies.

The developers of Easton Estates have plans to develop land immediately south of the area for which a certificate is herein sought, should the initial development be successful.

#### Findings and Conclusions

Applicant's water supply and distribution facilities appear to be designed to meet the minimum requirements of Commission's General Order No. 103 and applicant should be able to render adequate service, except for those periods when the source of supply is shut down for maintenance and repairs.

It is desirable to provide for a second source of potable water in case of failure of the present well source. Applicant will be required, before service is furnished to the public, to arrange for a connection with another firm potable source of supply, or to have available appropriate stand-by facilities such as adequate storage or

other means which can be placed in operation promptly.

The Commission finds and concludes that public convenience and necessity require that the requested certificate be granted. The Commission further finds and concludes that the rates set forth in the appendix to the following order are fair and reasonable for the service to be rendered.

The certificate hereinafter granted shall be 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.

No franchise is required by the County of Fresno.

In the event applicant exercises the authority herein granted it will be required to file with the Commission, documentary evidence to show that the property on which the well, tank and related facilities are located, as well as easements for pipelines which are not located in public streets, have been dedicated to public utility operations.

The Commission is of the opinion and finds that the money, property or labor to be procured or paid for by the issuance of stock authorized by the following order is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authority granted herein authorizing the issuance of

shares of capital stock shall not be construed to be a finding of value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base.

O R D E R

Based upon the evidence and the findings contained in the foregoing opinion,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is hereby granted to Easton Estates Water Company, a California corporation, to operate as a water corporation within Easton Village Tract No. 1826, Fresno County, as said area is described on page 2, paragraph III of the application herein.

2. The certificate granted in paragraph No. 1 of this order shall not be effective until applicant, in a manner acceptable to this Commission, provides for the reasonable continuation of an adequate supply of water in case of failure of the proposed source for serving the area certificated herein. Applicant shall notify the Commission, in writing, of the manner in which this is to be accomplished.

3. Prior to the date service is first furnished to the public under the authority herein granted, applicant shall apply to the appropriate health authority for a water supply permit for the system which will serve the area herein certificated. Within ten days thereafter, applicant shall advise the Commission that such application has been made.

4. Applicant is 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.

5. Applicant 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 100 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 applicant in said area.

6. Applicant shall notify this Commission, in writing, within ten days after the date service is first rendered to the public under the rates and rules authorized herein.

7. Applicant 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. Applicant 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. If the authorization herein granted is exercised, applicant shall dedicate to public utility purposes the land parcels or areas on which the well, pump, tank, and related water facilities are located and any easements or permits where water mains are or will be located, otherwise than in streets dedicated to public use, including

the right of way for the transmission line from the well to the distribution system, 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.

9. Applicant, for the purpose of acquiring said water system, may issue not to exceed 283 shares of its capital stock, at \$100 per share, after the effective date of this order but on or before December 31, 1962. Applicant shall file with this Commission a report or reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

The certificate and authorizations hereinabove granted will expire if not exercised prior to January 1, 1963.

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

Dated at San Francisco, California, this 20th day of June, 1961.

George H. Trimmer  
President  
Frederick B. Holshoff

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Commissioners

Peter E. Mitchell  
Commissioners C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Easton Village, Tract No. 1826, and vicinity, located near the intersection of Cherry and Lincoln Streets, approximately 4 miles south of the City of Fresno. Fresno County.

RATES

Per Meter  
Per Month

Quantity Rates:

|   |        |
|---|--------|
| First 600 cu. ft. or less.....          | \$3.75 |
| Next 1,400 cu. ft., per 100 cu. ft..... | .20    |
| Next 2,000 cu. ft., per 100 cu. ft..... | .16    |
| Over 4,000 cu. ft., per 100 cu. ft..... | .12    |

Minimum Charge:

|                               |        |
|-------------------------------|--------|
| For 5/8 X 3/4-inch meter..... | \$3.75 |
| For 3/4-inch meter.....       | 4.50   |
| For 1-inch meter.....         | 5.75   |
| For 1 1/2-inch meter.....     | 8.00   |
| 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.

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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The unincorporated area known as Easton Village, Tract No. 1826, and vicinity, located near the intersection of Cherry and Lincoln Streets, approximately 4 miles south of the City of Fresno, Fresno County.

RATES

|   | <u>Per Service Connection<br/>Per Month</u> |
|---|---|
| For a single family residence, including premises not exceeding 9,000 sq. ft. in area.... | \$4.25                                      |
| For each 170 sq. ft. of area in excess of 9,000 sq. ft.....                               | .03   |

SPECIAL CONDITONS

1. The above residential flat rates 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 will 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.

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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Easton Village, Tract No. 1826, and vicinity, located near the intersection of Cherry and Lincoln Streets, approximately 4 miles south of the City of Fresno, Fresno County.

RATE

|                                    |                  |
|------------------------------------|------------------|
|                                    | <u>Per Month</u> |
| For each steamer type hydrant..... | \$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. 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.