

Decision No. 62189**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Elbert A. Land and
 Minnie Thelma Land for a Certificate
 of Public Convenience and Necessity,
 to operate a water system two miles
 east of Rohnerville, Humboldt County,
 California, and to establish rates.

Application No. 42752
 (Amended)

O P I N I O N

By the above-entitled application filed October 13, 1960, and by amendments thereto filed October 27, 1960, and May 1, 1961, Elbert A. Land and Minnie Thelma Land, his wife, request a certificate of public convenience and necessity to operate a public utility water system in unincorporated territory, including a subdivision known as Redwood Empire Country Club Estates, in Humboldt County, and for the establishment of rates for water service to be rendered therein under the name of Land Water Company.

Applicants allege that copies of the application and of the amendments thereto were mailed to the State Division of Real Estate, the Board of Supervisors of Humboldt County, the Fortuna Fire District, and Campton Heights Water Service. No protests regarding this application have been received by the Commission.

A field investigation pertaining to this application was made on November 21 and 22, 1960, by a Commission staff engineer of the Hydraulic Branch of the Utilities Division. The results of his investigation are outlined in a memorandum dated May 17, 1961, which is hereby made a part of the record in this matter as Exhibit No. 1.

The staff investigation resulted in some changes in the design of the water supply facilities which have been incorporated in the second amendment to the application.

Proposed Service Area

The area for which a certificate now is requested contains some 320 acres located in Sections 7 and 8, Township 2 North, Range 1 East, Humboldt Base and Meridian, as shown on the map attached to the second amendment to the application as Exhibit A-1. The area includes a subdivision of land owned by applicants, known as Redwood Empire Country Club Estates, consisting of 26 one-acre lots and approved by the Humboldt County Planning Commission, lying adjacent to and south of a county road called Mill Street and located about a mile east of the community of Rohnerville, Humboldt County. An existing road through the subdivision leads southerly to the Redwood Empire Golf and Country Club.

The application states that the Country Club contemplates a small subdivision in the near future which would adjoin applicants' subdivision on the south, although outside of the area presently requested to be certificated. Applicants also propose to develop another subdivision, containing approximately 15 lots, to be located near one of applicants' wells in the northeast portion of the area proposed to be served. There are already 14 or more homes in this northeast portion whose existing individual water supplies are alleged to be unsatisfactory, thus making them potential customers of applicants.

Applicants represent, in effect, that the homes now in existence and the three subdivisions described above constitute the nucleus of a growing area which is in need of an adequate water supply.

Applicants' proposed service area is higher in elevation and one-fourth mile east of the area heretofore certificated to Thelma B. wood,^{1/} doing business as Campton Heights Water Service, supplying water to the unincorporated community of Rohnerville and vicinity. The application states that Thelma B. Wood has informed applicants that she has no objection to the operation of their proposed water system.

The area proposed to be served by applicants is within the boundaries of the Fortuna Fire District.

Description of Water System

Water for the system will be supplied by two wells on land owned by applicants located northeasterly of the existing homes and proposed subdivisions. Well No. 1 is 12 inches in diameter, 238 feet deep, delivered about 135 gallons per minute against a pressure of 55 pounds per square inch during a 96-hour test conducted in August, 1960, and is equipped with a 25-horsepower electrically operated submersible pumping unit. The standby Well No. 2 is 8 inches in diameter, 247 feet deep rated at 110 gallons per minute, and will be provided with a similar 7½-horsepower pumping unit. The pumps will deliver the water through individual 3-inch pipelines into the 6-inch transmission line to the 150,000-gallon, lined and covered, earthen reservoir to be constructed on a hill about 86 feet above the highest home which is likely to be built in the service area. The transmission line from the reservoir past the wells and the existing homes and through the principal subdivision will be 6-inch and 4-inch asbestos-cement pipe.

^{1/} Decision No. 50848, dated December 7, 1954, in Application No. 34322, et al. (53 CPUC 681).

The estimated cost of the proposed facilities, exclusive of any land, as shown in the application, as amended, is as follows:

<u>Description</u>	<u>Amount</u>
Organization Costs	\$ 1,000
Two Wells	4,050
Two Pumping Units	5,538
Reservoir	4,200
Pipelines, installed:	
3,480 feet of 6" pipe	\$12,180
2,000 feet of 4" pipe	6,000
786 feet of 3" pipe	1,572
Fittings and services	<u>2,000</u>
	<u>21,752</u>
Total	\$36,540

Financing

Applicants propose to finance the cost of construction with their personal funds without encumbering the water system. Exhibit F of the application consists of financial statements of Elbert A. Land, doing business as Fortuna Sand & Gravel. The balance sheet as of December 31, 1959, shows total assets over \$153,000 against which are amounts payable and current liabilities totaling \$36,000, thus leaving a net worth in excess of \$117,000. Operations for the year 1959 netted some \$29,000.

Exhibit H shows estimated expenses of the water utility to be approximately the same as the income from 50 customers at average monthly charges of \$6.00. Applicants are apparently aware that operation and maintenance expenses may exceed operating revenues during the development period. They claim to have the requisite resources to carry on the operation of the water system, with the expectation of little or no return on the investment therein, until the development of the area is well along.

Proposed Rates

The following rates are those proposed by applicants for the water service to be rendered:

<u>Flat Rate Service</u>	<u>Per Month</u>
Per residence	\$6.00

<u>General Metered Service</u>	<u>Per Meter</u> <u>Per Month</u>
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Quantity Rates:

First 700 cubic feet or less	\$5.00
Next 1,300 cubic feet, per 100 cu.ft.	.40
Next 2,000 cubic feet, per 100 cu.ft.	.35
Over 4,000 cubic feet, per 100 cu.ft.	.30

(No minimum meter charges proposed)

<u>Public Fire Hydrant Service</u>	<u>Per Month</u>
Per Hydrant	\$3.00

The proposed rates are somewhat higher than those in effect for similar utilities within the same general vicinity. The staff memorandum recommends that the flat rate schedule be modified to provide for more equitable charges for various sizes of lots in order to minimize possible discrimination. The schedule for residential flat rate service hereinafter authorized will establish a basic rate for premises not exceeding 30,000 square feet, with an additive rate per unit of area in excess thereof, so that the monthly charge for a lot one acre in area will be about \$6. Also, the schedule will include a rate for an additional residential unit on the same premises and served from the same service connection as the primary single-family residence.

To make the schedule for general metered service, to be authorized herein, more nearly consistent with the flat rate schedule, applicants' proposal will be modified somewhat by increasing the amount of water to be furnished for the minimum charge and by decreasing the block rates for monthly consumptions over 2,000 cubic feet.

Miscellaneous

Exhibit I attached to the first amendment to the application is a permit dated October 20, 1960, granted by the Road Commissioner of Humboldt County, for the construction of a pipeline to convey water under and along the county road.

On October 18, 1960, applicants were granted a water supply permit (Exhibit J) by the State Board of Public Health, signed by the Director of the Humboldt-Del Norte Department of Public Health. Exhibit D is a report dated August 31, 1960, showing the results of a chemical analysis made by a reputable laboratory, indicating the total hardness of the water to be 254 parts per million. A bacteriologic examination of a sample of the well water made by a local medical laboratory (Exhibit E) shows no contamination. It is understood that these three documents pertain to applicants' Well No. 1. Applicants will be expected to have similar tests performed and to make application for a water supply permit in regard to Well No. 2.

The application, as amended, states that the State Real Estate Commission (properly referred to as the State Division of Real Estate) has issued its final subdivision report, subject to the granting of the certificate herein requested.

Findings and Conclusions

Applicants' water supply facilities, as now proposed, and the transmission and distribution system appear to be properly designed to furnish adequate service to the initial development of the area requested to be certificated, and to conform with the minimum requirements of the Commission's General Order No. 103.

In order that the property on which the wells, pumping units, reservoir, and related water facilities are located be

dedicated to public utilities operations, as well as easements for any pipelines which are not or will not be located in public streets or roads, applicants will be required to file with the Commission documentary evidence to that effect.

The Commission finds that applicants possess the necessary financial resources to institute and maintain the water service proposed to be rendered.

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 attached to this order are fair and reasonable for the service to be furnished.

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.

O R D E R

The Commission having considered the above-entitled application, as amended, and being of the opinion that a public hearing is not necessary and that the application should be granted; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it hereby is, granted to Elbert A. Land and Minnie Thelma Land to construct and operate

a public utility water system, to be known as Land Water Company, for the distribution and sale of water within the unincorporated area including the subdivision known as Redwood Empire Country Club Estates, located approximately one mile east of the community of Rohnerville, in Humboldt County, as delineated on the map attached to the second amendment to the application herein as Exhibits A-1.

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 440 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. Applicant 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 certificate herein granted is exercised, applicants shall dedicate to public utility purposes the land parcels or areas on which the wells, pumps, reservoir, and related water facilities are located and any easements or permits where water mains are or will be located, otherwise than in streets or roads dedicated to public use, including the easements or rights of way for the transmission lines from the storage reservoir and the pumping plants 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.

The certificate herein granted and the authority to render service under the rates and rules authorized herein will expire if not exercised within one year after 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 27th day of June, 1961.

Charles H. Ruge
President
W. L. DeWitt
E. L. Fox
George H. Grover
Frederick B. Holshoff
Commissioners

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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 Redwood Empire Country Club Estates, and vicinity, located approximately one mile east of the community of Rohnerville, Humboldt County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 800 cu.ft. or less	\$ 5.00
Next 1,200 cu.ft., per 100 cu.ft.40
Next 2,000 cu.ft., per 100 cu.ft.35
Next 4,000 cu.ft., per 100 cu.ft.25
Over 8,000 cu.ft., per 100 cu.ft.20
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 5.00
For 3/4-inch meter	6.75
For 1-inch meter	10.00
For 1 1/2-inch meter	16.00
For 2-inch meter	25.00
For 3-inch meter	37.50
For 4-inch meter	55.00

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 SERVICEAPPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The unincorporated area including the subdivision known as Redwood Empire Country Club Estates, and vicinity, located approximately one mile east of the community of Rohnerville, Humboldt County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>
For a single-family residence, including premises not exceeding 30,000 sq. ft. in area	\$5.25
a. For each additional residential unit on the same premises and served from the same service connection	2.75
b. For each 100 sq. ft. of area in excess of 30,000 sq. ft.006

SPECIAL CONDITIONS

1. The above rates shall apply only 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.

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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including the subdivision known as Redwood Empire Country Club Estates, and vicinity, located approximately one mile east of the community of Rohnerville, Humboldt County.

RATE

Per Month

For each 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.