

ORIGINAL

Decision No. 62622

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
HARRY V. SLACK, an individual dba
HARRY V. SLACK DOMESTIC WATER SUPPLY,
for a Certificate of Convenience and
Necessity to operate a Public Utility
Water System pursuant to Section 1001,
Public Utilities Code.

Application No. 43174
(Filed February 21, 1961)
(Amendment Filed
February 27, 1961)

Harry V. Slack, for the applicant.
Roger Alexander, interested party.
W. Dewey Herkelrath, for Redlands Federal Savings
& Loan, interested party.
C. O. Newman and A. L. Gielegem, for the Commission
staff.

O P I N I O N

This application was heard before Commissioner George G. Grover and Examiner Kent C. Rogers at Calimesa, California, on July 21, 1961, on which date it was submitted. Copies of the application and the notice of hearing were served in accordance with the Commission's procedural rules. There are no protests.

Applicant requests the issuance of a certificate of public convenience and necessity to construct a public utility water system in a 160-acre parcel of land in the vicinity of Calimesa, Riverside County, California, which parcel is described as a portion of the W½ of the SE¼ and a portion of the E½ of the SW¼ of Section 13, Township 2 South, Range 2 West, S.B.B. & M.

Applicant's initial development consists of Tract No. 2154 and tentative Tract No. 2227. Tract No. 2154 was originally numbered 2078 and was larger than the finalized Tract No. 2154.

Ultimate development in the area will be 201 customers. Approximately 100 lots have been laid out in Tracts Nos. 2078, 2154 and 2227. Most of the existing lots are about 65 feet by 125 feet each. There are in Tract No. 2154 twenty-five completed homes, of which seventeen were occupied at the time of the hearing.

The area is comparatively flat, sloping to the southwest from an elevation of 2,540 feet to an elevation of 2,420 feet.

A new water system has been installed by applicant consisting of 4-inch and 6-inch dipped and wrapped mains (except for a 2-inch galvanized line serving three customers on Myrtlewood Drive). The 6-inch line extends from Well No. 2 in the southwest corner of the service area along Third Street, Harruby Drive (on which is Well No. 1), and Second Place to Myrtlewood Drive, at which point it connects with a 4-inch line which goes along Harruby Drive, Myrtlewood Drive, and Third Street to Second Place. This system is a circulating system (except for the said 2-inch line). Services are 3/4-inch copper lines. No meters are planned.

The presently used source of supply is Well No. 2, which is 470 feet deep, has a 12-inch casing, and has a capacity of 343 gallons per minute at 60 pounds pressure. The well has a pump powered with an electric motor and is connected to two 8,000-gallon pressure tanks. Well No. 1, which has been tested, is estimated to produce 90 gallons per minute at 32 pounds pressure. This well, which is not being used, is powered with a natural gas engine and is connected to a 4,000-gallon pressure tank. Well No. 1 is on a well site 60 feet by 60 feet and Well No. 2 is on a well site 60 feet by 100 feet. These two parcels are owned by the applicant.

Applicant contemplates installing a 100,000-gallon storage tank within six months. This tank will be in the southeast corner of the service area at an elevation of approximately 2,530 feet.

The system referred to has been installed by the applicant and the applicant intends to install the future facilities for the additional tracts as needed. Full development is expected in about four to five years. Applicant has a water supply permit from the California Department of Public Health.

Applicant proposes to charge flat rates only. His rates as requested are \$5.00 per month on lots under 10,000 square feet, \$7.50 per month on lots over 10,000 square feet, and an additional \$1.00 per month for swimming pools. The staff suggested the possibility of meters and suggested rates of \$3.00 minimum for the first 1,000 cubic feet. Meter sizes were not stated. The applicant testified that the nearest water utility in the area is the South Mesa Water Company, a mutual, which charges \$3.00 for the first 1,000 cubic feet, .08¢ per 100 cubic feet for the next 1,500 cubic feet, and thereafter .15¢ per 100 cubic feet. In addition, the mutual company has an annual assessment and an original stock purchase cost.

In the amendment to the application, applicant estimated a monthly cost of operation of \$2,398, but this estimate is unrealistic inasmuch as at full development the estimated expenses would greatly exceed the estimated revenue, which result does not appear reasonable at the rates requested by applicant. The record shows, however, and we find, that applicant has sufficient assets to construct and operate the system.

There were no public witnesses called by the applicant and the record shows that the applicant is furnishing water in an area where there is no other available source of supply.

Evidence was presented on behalf of the Commission by an engineer who presented Exhibit No. 11 in evidence.

A staff representative expressed the opinion that the water supply would not be adequate if the facilities were unmetered and fire protection requirements amounted to 216,000 gallons of water per day. It appears, however, that the fire protection requirements would be one-sixth of 216,000 gallons or 36,000 gallons of water. This being so, it appears that with the proposed 100,000 gallons of storage and a well production of approximately 420 gallons per minute, applicant's water supply is sufficient, at least for the original installations.

An engineer on the staff of the Commission made certain recommendations, including (1) the installation of a 200,000-gallon storage tank prior to the service to all 160 acres, if meters are not required, or (2) the installation of a 100,000-gallon tank, if the services are metered. A representative of the Commission's Division of Finance and Accounts recommended that cost of facilities studies be made and submitted to the Commission. The applicant has agreed to furnish the Commission with such a study for use in future proceedings, and for that reason the costs of the physical plant are not herein being considered.

Upon consideration of the evidence the Commission finds and concludes as follows:

1. Public convenience and necessity require that the application be granted to the extent set forth in the ensuing order.

2. Applicant possesses the financial resources to construct and operate the proposed water system.

3. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.

4. Applicant's water supply and distribution facilities will provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103.

The flat rates to be authorized herein will provide for additional monthly charges for each 100 square feet of premises over 10,000 square feet in area, rather than the \$2.50 additional monthly charge requested by applicant for any lot over 10,000 square feet in area. The rates for metered service will provide for reasonable quantity rates and for minimum charges applicable to various sized meters.

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

A public hearing having been held and based upon the evidence therein adduced,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Harry V. Slack authorizing him to construct and operate a public utility water system for the distribution and sale of water within the area in the vicinity of Calimesa, Riverside County,

California, described as a portion of the W½ of the SE½ and a portion of the E½ of the SW½ of Section 13, Township 2 South, Range 2 West, S.B.B. & M., and consisting of Tracts Nos. 2154 and 2227 as shown on Amended Exhibit No. 2 herein.

2. Applicant is authorized to file after the effective date of this order the schedules of rates and charges 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 governing service to customers, a tariff service area map and sample copies of printed forms normally used in connection with customers' services acceptable to the Commission and in accordance with the requirements of General Order No. 96. Such rates, 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. Applicant 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.

4. Applicant shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, four copies of a comprehensive map drawn to an indicated scale not smaller than 200 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of the applicant.

5. Applicant shall determine the accruals for depreciation by dividing the original cost of depreciable utility plant, less

estimated future net salvage, less depreciation reserve, by the estimated remaining life of the plant. Applicant shall review the accruals when major changes in depreciable utility plant composition occur and for each plant account at intervals of not more than five years, beginning with the first review as of January 1, 1962. Results of these reviews shall be submitted to this Commission.

6. If the authorization herein granted is exercised, applicant shall expressly dedicate to public utility purposes the land, parcels or areas other than those covered by U. S. Government leases on which the wells, pumps, tanks, and other related water facilities are located, and any easements or permits where water mains are located, otherwise than in streets dedicated to public use.

7. Applicant shall, prior to the installation of any additional plant or system, secure the services of a registered professional engineer in the branch of Civil Engineering to prepare plans acceptable to the Commission for an adequate water system, conforming at least to the minimum requirements of General Order No. 103, to serve the area certificated herein. The plans and a program acceptable to the Commission for the completion of the installation of the required additions and improvements shall be filed with the Commission by applicant on or before December 31, 1961.

8. a. Applicant shall file with this Commission, on or before March 31, 1962, a statement acceptable to the Commission, prepared from applicant's books of accounts, which statement shall show the original installed cost of the major items of property acquired or constructed as parts of the system devoted to rendering service to the public. The statement shall designate which items are supported by vouchers or other like documentary evidence and which items are estimated, and shall show the basis upon which any such estimates were made.

b. Applicant shall file with this Commission, or or before March 31, 1962, a report acceptable to the Commission, setting forth in detail a determination of the depreciation reserve requirement applicable to his public utility properties as of December 31, 1961.

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 3rd day of OCTOBER, 1961.

 President
E. J. Fox

George H. Crover

Fredrick B. Hallock

 Commissioners

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

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Tract No. 2154, and vicinity, located approximately one mile south of Calimesa, in Riverside County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 1,000 cu. ft. or less	\$ 3.00
Next 1,000 cu. ft., per 100 cu. ft.20
Over 2,000 cu. ft., per 100 cu. ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.00
For 3/4-inch meter	4.00
For 1-inch meter	6.00
For 1½-inch meter	10.50
For 2-inch meter	15.50
For 3-inch meter	28.00
For 4-inch meter	45.00

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 known as Tract No. 2154, and vicinity, located approximately one mile south of Calimesa, in Riverside County.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit, including premises not exceeding 10,000 sq. ft. in area	\$5.00
a. For each additional residential unit on the same premises and served from the same service connection	2.50
b. For each 100 sq. ft. of premises in excess of 10,000 sq. ft.04
c. For each swimming pool	1.00

SPECIAL CONDITIONS

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 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. When a meter is installed at option of customer, metered service must be continued for at least 12 months before service will again be furnished at flat rates.