

**ORIGINAL**

Decision No. 63017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Roy T. Smythe doing  
business as SMYTHE WATER COMPANY,  
to operate a Water System 3 miles  
East of North Palm Springs, in  
Circle 3 Ranch, Riverside County,  
pursuant to Section 1001 of Public  
Utilities Code and to establish  
rates.

Application No. 43439  
(Filed May 22, 1961)

Roy T. Smythe, in propria persona.  
Maurice B. Hawkins, Riverside County Department  
of Public Health, interested party.  
C. O. Newman, for Commission's staff.

O P I N I O N

The application was heard before Examiner Kent C. Rogers at Palm Springs, California, on November 2, 1961, on which date it was submitted subject to the filing of three exhibits within 10 days. These exhibits have been filed. Copies of the application and the notice of hearing were served in accordance with procedural rules. There were no protests.

Applicant requests the issuance of a certificate of public convenience and necessity to construct and operate a public utility water system in an 80-acre portion of Riverside County, California, described as the W $\frac{1}{2}$  of the NW $\frac{1}{4}$  of Section 20, T3S, R5E, S.B.B.&M.

Applicant acquired by purchase the area he desires to serve. It was part of an existing ranch with wells and irrigation pipe in place. On the north edge thereof there are two wells which will be the source of water. Well No. 1, near the northeast corner,

is an artesian well with an alleged free flow of 59 gallons of water per minute. It is 300 feet deep, has a 6-inch casing, and is equipped with a 5-hp electric pump and a 1,000-gallon pressure tank. It is on a 30' x 107' parcel of land which the applicant has reserved for a well site. There is a 600-foot 4-inch steel line extending south from this well to a 200-foot long 2-inch galvanized line also running south. Applicant has four existing consumers who are served from this 4-inch and 2-inch line. Extending west from Well No. 1, a distance of 900 feet, is a 4-inch steel and asbestos-cement pipeline to Well No. 2 in the northwest corner of the service area. Well No. 2 is 300 feet deep, has an 8-inch casing and is equipped with a 15-hp pump with which it can produce 302 gallons of water per minute. The well site is owned by the applicant and the well is not in use at present. The record indicates that with different equipment the production of these wells could be greatly increased.

Extending south a distance of 800 feet from the 4-inch line between the two wells, there is a 4-inch steel line. This line is approximately 300 feet west of Well No. 1. Approximately 200 feet west of the latter line is a 6-inch asbestos-cement line extending approximately 3,000 feet to the south end of the proposed service area. Extending south from Well No. 2 are 300 feet of 4-inch steel line, which were in place when the applicant acquired the property. From the south end of this latter line there is a 6-inch asbestos-cement line, which ties into the 3,000 feet of 6-inch asbestos-cement line referred to above. Applicant has constructed 4-inch asbestos-cement laterals from the 6-inch asbestos-cement mains to serve a proposed 20-acre subdivision in the southwest portion of

the service area. Applicant has installed approximately 3,000 feet of 6-inch asbestos-cement pipe, 2,100 feet of 4-inch asbestos-cement pipe, 2,700 feet of 2-inch galvanized pipe, and 1,900 feet of 1-inch galvanized service lines. In addition, there were in the system approximately 1,800 feet of 4-inch steel pipe and some 2-inch galvanized pipe. The 4-inch steel pipe in place is in poor shape and the applicant, from time to time, is replacing this pipe with asbestos-cement pipe. There are in the service area at present seven fire hydrants. The proposed service area is shown on Exhibit No. 1 herein.

Applicant is doing the subdividing and, as a result, all facilities will be installed by him.

Applicant is developing the 80 acres with the idea of selling the land. He intends to retain title to a portion thereof known as the Senior Citizens' Area located in the northeast portion south of Well No. 1 (Exhibit No. 3). In this area, applicant intends to build separate homes with a community swimming pool and lease them for periods of 99 years. The balance of the area applicant intends to sell. In the southwest corner, he has laid out the 20-acre subdivision, referred to above; it will contain 48 lots. This subdivision is to be served by 6-inch and 4-inch asbestos-cement lines with 3/4-inch service connections. All services are to be metered and applicant proposes rates as follows:

<u>Size</u>	<u>Minimum Amount of Water</u>	<u>Minimum Cost 1 Month</u>
5/8 x 3/4-inch	700 cubic feet	\$ 3.00
3/4-inch	1,000 cubic feet	4.50
1-inch	1,400 cubic feet	6.00
1 1/2-inch	2,100 cubic feet	9.00
2-inch	2,800 cubic feet	12.00

In each instance, rates are to be 30¢ per 100 cubic feet over the minimum metered charge.

Applicant proposed to charge the customers for the meters, but agreed that he would install meters at his own expense, if required. Section V.2.a.(2) of General Order No. 103 establishes the responsibility of the utility to provide meters at its own expense. The order herein will not relieve applicant of said responsibility.

While fire hydrants are required in the area and the applicant intends to install fire hydrants and has in fact installed them as far as the system has been developed, there is no responsible agency from whom to collect for fire protection water at the present time.

The proposed rates are substantially higher than those of other water companies in the area, but do not appear unreasonable, with the exception that they are not constructed in conformity with the Commission's practices. The order herein will authorize the proposed rates equalized for the initial water delivery block.

The applicant purchased the land with the two wells and approximately 2,700 feet of 4-inch and 200 feet of 2-inch steel line (red lines, Exhibit No. 1). He estimates that the cost of these facilities was \$12,000, excluding the cost of the wells and the well sites. Since then he has installed a 1,000-gallon pressure tank, pumps at each well, additional mains, distribution mains and service lines at the total cost of \$18,114.14. The stated costs do not include meters and include only the estimated cost of mains, hydrants, services, and facilities, other than wells, in the subdivision and the north one-half of the service area. The facilities in the portion of the area in the southeast corner (a record of survey area) are estimated to cost an additional \$20,000. This, however, contemplates only 10 parcels varying in size from four acres to two and one-half acres and totaling 26.79 acres. If this area is subdivided,

as is normal, into approximately 2.4 lots to the acre, there would be a total of approximately 65 lots in this portion of the area and the meters, therefore, would cost several thousands of dollars, plus additional costs for the pipe installations.

The applicant has a temporary water supply permit, issued by the County of Riverside, expiring on April 1, 1962. Due to the high fluoride content of the water, the applicant is required by the Director of Public Health of the County of Riverside to reduce the fluoride content of the water from its present 0.9 part per million (Well No. 2) and 1.0 part per million (Well No. 1) to not to exceed 0.7 parts per million. The applicant is reluctant to do this, stating that other wells in the vicinity have higher fluoride content, but he admits that he can secure equipment which will reduce the content to acceptable minimums for approximately \$3,000. A representative of the Riverside County Health Department testified that other companies in the vicinity now operating at more than the maximum fluoride standards are being required to reduce the fluoride content of their water supplies.

The staff prepared a study relative to the water charges, water quality, water supply, and the operating results. It states that the water supply, among other things, is at present inadequate; that the water quality is not acceptable due to fluoride content; that the water flow does not meet the county fire flow requirements; and that the water rates are higher than other companies in the area. The staff also is of the opinion that the initial development is uneconomical as the expenses will exceed the income and that applicant's proposal to require the customers to purchase and pay for the meters does not conform with Commission practices and procedures.

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

1. Public convenience and necessity require that the application be granted as 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 area described in the order herein and while not meeting the minimum requirements of General Order No. 103, should be permitted for the initial installation, subject to the conditions set forth in the order herein.

5. Applicant should install proper equipment to reduce the fluoride content of the water supply to or below the maximum permitted by the Department of Public Health within the period of time set forth in the order herein and should procure a permanent water supply permit from the appropriate health authority.

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

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

IT IS HEREBY ORDERED that:

1. A certificate of public convenience and necessity is granted to Roy T. Smythe to construct and operate a public utility water system to serve the  $W\frac{1}{2}$  of the  $NW\frac{1}{2}$  of Section 20, T3S, R5E, S.B.B.&M., Riverside County, excepting therefrom that portion designated "Record of Survey" on the map attached to the application herein.

2. The certificate granted herein shall not become effective until applicant shall have complied with all of the following provisions in a manner acceptable to this Commission:

(a) Applicant shall secure, from the appropriate health authority, a permanent water supply permit and shall submit a copy thereof to this Commission.

(b) Applicant shall provide, connect to the system, and place in operation, either additional well capacity of at least 500 gallons per minute or storage capacity of at least 120,000 gallons located at an elevation which will provide pressure of at least 25 pounds per square inch at the highest service connection in the system. Applicant shall notify this Commission in writing within ten days after compliance with this provision.

(c) Applicant shall make a comprehensive engineering and economic study, acceptable to the Commission, of the water system to determine the requirements and costs thereof to bring all portions and elements of the water system, including sources of water supply, storage,

distribution, and transmission facilities up to and in accordance with at least the minimum standards prescribed by General Order No. 103 and shall submit such report, together with an acceptable program for completion of the necessary improvements, in writing, to this Commission by March 1, 1962.

3. Applicant shall not extend his water system or furnish water outside the area and services authorized herein without further order of this Commission.

4. Applicant is authorized to file, within thirty days after fulfilling the requirements of Paragraph 2 of this order, to be effective on or before service is first rendered to the public under the authority herein granted, the schedule of rates set forth in Appendix A, attached hereto, together with rules and a tariff service area map acceptable to this Commission, and in accordance with the requirements of this Commission's 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 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.

6. Applicant shall file with this Commission, 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 300 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.



7. If the authority herein granted is exercised:

(a) Applicant shall make an original cost appraisal, acceptable to this Commission, of the water system as of January 1, 1962. This appraisal shall be submitted to the Commission by September 1, 1962.

(b) Applicant shall determine the depreciation reserve requirement applicable to the public utility properties as of January 1, 1962. A report acceptable to this Commission shall be filed with this Commission on or before September 1, 1962.

8. Applicant shall compute the accruals to the depreciation reserve by spreading the original cost of the utility plant, less estimated future net salvage and depreciation reserve, over the remaining life of the plant. Applicant shall review the depreciation rates as of January 1, 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 occur, and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

The certificate of public convenience and necessity herein granted shall expire if not exercised before July 1, 1962.

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

Dated at San Francisco, California, this  
9<sup>th</sup> day of JANUARY, 1962.

Edward A. Rago  
President  
W. E. Ziegler  
E. L. Fox  
George E. Grover  
Frederick B. Hahloff  
Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Circle B Ranch Estates located in the vicinity of North Palm Springs,  
Riverside County.

RATES

Per Meter  
Per Month

Quantity Rates:

First 700 cu.ft. or less .....	\$ 3.00
Over 700 cu.ft., per 100 cu.ft. ....	.30

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 3.00
For 3/4-inch meter .....	4.00
For 1-inch meter .....	5.10
For 1 1/2-inch meter .....	7.80
For 2-inch meter .....	10.20

The Minimum Charge will entitle the customer  
to the quantity of water which that minimum  
charge will purchase at the Quantity Rates.