

ORIGINAL

Decision No. 63765

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
CHARLES E. BAKMAN, FRANK S. BAKMAN,  
WALTER W. BAKMAN, R. L. BAKMAN and  
IDA BAKMAN GILSTRAP, individually and  
as copartners doing business as BAKMAN  
RANCH, to transfer Certificates of  
Public Convenience and Necessity as a  
water utility; and to sell the water  
system and certain assets;

Application No. 43721  
(As Amended)

In the Matter of the Application of  
BAKMAN WATER CO., a corporation, to  
acquire said operative rights and  
assets of the above water utility and  
for authority to issue stock.

In the Matter of the Application of  
BAKMAN WATER CO., a corporation, for  
a Certificate of Public Convenience  
and Necessity, to establish rates and  
to issue stock.

Application No. 43722  
(As Amended)

Crossland, Crossland and Richardson, by Robert  
Crossland, for applicants.  
L. L. Thormod and Arthur C. Fegan, for the  
Commission staff.

O P I N I O N

On March 13, 1962, the Commission issued its interim order herein authorizing applicants, Charles E. Bakman, Frank S. Bakman, W. W. Bakman, R. L. Bakman and Ida Bakman Gilstrap, to make extensions of water service under their main extension rule into the territory referred to as Area "A" in Application No. 43722 for which a certificate of public convenience and necessity was requested by Bakman Water Co.

Subsequent to the issuance of said interim order, applicants on March 28, 1962, filed further amendments to the applications herein

to which late-filed Exhibit No. 4 has been attached. The matters were thereupon taken under submission.

Application No. 43721

In Application No. 43721, as amended, applicants, Charles E. Bakman, Frank S. Bakman, Walter W. Bakman, R. L. Bakman and Ida Bakman Gilstrap, hereinafter sometimes called Bakman Ranch, and Bakman Water Co., a corporation, request authority for Bakman Ranch to transfer to Bakman Water Co., its water utility certificates of public convenience and necessity granted by Decision No. 41259 on March 2, 1948 in Application No. 28931, Decision No. 53237 dated June 26, 1956 in Application No. 37690 and Decision No. 61550 dated February 21, 1961 in Application No. 42056, and all extensions of said certificates and the water systems operated pursuant to said certificates and certain assets and liabilities as shown on Exhibit A as amended. Total assets of \$179,497.65 include utility plant on an original cost less depreciation basis, from which total is deducted liabilities of \$127,413.13, resulting in net assets of \$52,084.52, to be transferred in consideration of the issuance by Bakman Water Co. to Bakman Ranch of 5,209 shares of common stock. Bakman Water Co. is also requesting authority to issue 785 shares of its common stock to Bakman Ranch for \$7,850 cash which is to be used for the construction and acquisition of additional plant and facilities in 1962 in accordance with the following estimate:

Structures	\$ 300.00
Wells	1,000.00
Pump Equipment	3,500.00
Tanks	1,500.00
Service Connections	500.00
Hydrants	750.00
Office Equipment	300.00
Total	\$7,850.00

The partners of Bakman Ranch have formed the corporation, Bakman Water Co., primarily for the purpose of segregating the utility activities of the partnership from its nonutility activities, including ranching, and to simplify the regulation of the utility by the Commission. The water utility service will continue to be conducted by Bakman Water Co., with the same personnel and equipment, and the service to be rendered will be the same as furnished by Bakman Ranch in the past.

Application No. 43722

In Application No. 43722, as amended, applicant, Bakman Water Co., requests a certificate of public convenience and necessity authorizing it to operate a public utility water system in the area in Fresno County located approximately five miles east of downtown Fresno, the exterior boundaries of which are described as follows:

Commencing at the intersection of Kings Canyon Road and Clovis Avenue, thence east on Kings Canyon Road to South Eisen Avenue, thence north on South Eisen Avenue approximately 2,000 feet, thence west approximately 550 feet to Fancher Creek, thence southwesterly along Fancher Creek to Clovis Avenue, thence south on Clovis Avenue to Kings Canyon Road, being the point of beginning. ✓

In Exhibit C attached to the original Application No. 43722, applicant estimates that the total cost of the proposed water system in the area described above will be \$30,151.55 of which \$13,017.35 will be provided under the main extension rule and the balance of \$17,134.20 is proposed to be obtained through the issuance of 1,713 shares of common stock of applicant, Bakman Water Co., to the persons composing the Bakman Ranch partnership for the sum of \$10,847.52 cash and \$6,286.68 of utility plant already installed by Bakman Ranch.

The rates proposed to be charged for the service of applicant in the proposed newly certificated area are set forth in Exhibit D to Application No. 43722. These rates are substantially the same as the flat rates presently charged by Bakman Homesites Water Utility in its Rancho Easterby tariff area.

Service Areas

Bakman Ranch presently operates a public utility water system near Fresno known as Bakman Homesites Water Utility, consisting of two tariff areas. One of these areas, Bakman Homesites, consists of approximately 440 acres having a common boundary of 1,300 feet with Rancho Easterby, the other tariff area. This latter tariff area consists of about 210 acres, the water system for which was acquired by Bakman Ranch in 1961.

Area A referred to in the order of Decision No. 63392 issued herein on March 13, 1962, is an area including about 430 acres, contiguous on its northern boundary for about 3,900 feet with the southern boundary of the Rancho Easterby tariff area. The area for which a certificate of public convenience and necessity is sought is an area of about 80 acres in the southeastern corner of Area A about one-half mile from the nearest boundary of the Rancho Easterby System.

Applicant introduced evidence to show that the water table in the area sought to be certificated is dropping each year and that the residents prefer to be served by a utility rather than to incur the expense of supplying themselves with water from their own water system. Applicant already has had requests for service from about twenty residents in the area.

Description of Water System

The water system as proposed for the area for which a certificate is requested is to be supplied by an existing well, 204 feet deep, equipped with a 15 hp turbine pump capable of pumping 300 gpm at 45 psi discharge pressure into a 3,000-gallon hydropneumatic tank. Applicant, Bakman Water Co., proposes to install a second similar source of supply. The distribution system is proposed to consist of 5,200 feet of 6-inch and 2,000 feet of 8-inch asbestos cement pipe of which 2,760 feet of 6-inch and 40 feet of 8-inch have already been installed.

Proposed Rates

Applicant proposes to provide flat rate service, basically. The present flat rate schedules of the Bakman Homesites Water Utility for both of its tariff areas and the proposed rates of Bakman Water Co. in the area proposed to be certificated are as follows:

GENERAL FLAT RATE SERVICE

	Per Month		
	Bakman Homesites Tariff Area	Rancho Easterby Tariff Area	Proposed Area
For a single family residence:			
3/4-inch connection	\$ 2.75	\$ 4.50	\$ 4.50
1-inch connection	3.50	-	-
For each 100 sq.ft. of area in excess of 8,000 sq.ft.	-	.03	.03
For a multiple residence:			
Per Unit	-	-	3.00
For each 100 sq.ft. of area in excess of 15,000 sq.ft.	-	-	.03

(Continued)

GENERAL FLAT RATE SERVICE  
(Continued)

	Per Month		
	<u>Bakman Homesites Tariff Area</u>	<u>Rancho Easterby Tariff Area</u>	<u>Proposed Area</u>
For a noncirculating cooler payable for 12 months per rated ton, or fraction thereof	\$ -	\$ .85	\$ .85
Payable in May, June, July, August, September	.75	-	-
For a circulating cooler payable for 12 months	-	.20	.20
Payable in May, June, July, August, September	.25	-	-
For each swimming pool with filter:			
Payable May through October	-	3.00	3.00
For a commercial service:			
1-inch connection	-	-	7.85
1½-inch connection	-	-	17.65
2-inch connection	-	-	31.40
2½-inch connection	-	-	49.00
3-inch connection	-	-	70.65
3½-inch connection	-	-	96.15
4-inch connection	-	-	125.60

No public fire hydrant rate is proposed.

Summary of Earnings from Proposed Certificated Area

For the proposed newly certificated area applicant, Bakman Water Co., estimates that the annual revenues will be \$4,987.80 and the annual expenses will be \$4,302.40, not including an estimate of income taxes. The net revenues of \$685.40, before income taxes, resulting from these estimates is 4.0 percent of \$17,134.20, which is the estimated cost of the proposed system of \$30,151.55, less construction advances of \$13,017.35.

Permits

Trenching permits will be obtained by applicant, Bakman Water Co., as required. No other franchise or permits are required.

Recommendations of the Commission's Staff

Various recommendations concerning provisions to be included in the order to follow were specified in Exhibit No. 3 by the Commission staff. Applicants made no objections to these recommendations.

Findings and Conclusions

Upon consideration of the record herein the Commission hereby finds and concludes that:

1. The transfer proposed in Application No. 43721 is not adverse to the public interest.
2. Public convenience and necessity require that Application No. 43722 be granted as set forth in the ensuing order.
3. Upon the issuance of the common stock hereinafter to be authorized, Bakman Water Co. will possess the financial resources to acquire, construct and operate the proposed water system.
4. The money, property or labor to be procured or paid for by the issuance of the stock herein authorized is reasonably required for the purposes specified and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income. The authorization herein granted is not to be construed as a finding of value of applicant's stock or properties, nor as indicative of amounts to be included in any future rate base for determination of just and reasonable rates.
5. The applicant, Bakman Water Co., should provide metered as well as flat rates in the area hereinafter to be certificated and

all service not covered by flat rates should be furnished on a metered basis only. The rates which are set forth in Appendix A are fair and reasonable rates for the services to be rendered and should be authorized.

6. After an alternative supply of water is provided, applicant's water supply and distribution system will provide reasonable service for the proposed newly certificated area and meet the minimum requirements of General Order No. 103.

7. Bakman Water Co. should set up records in accordance with the uniform system of accounts prescribed by the Commission for Class D water utilities.

8. The other recommendations of the Commission staff set forth in Exhibit 3 as modified and included in the ensuing order are reasonable.

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 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 ORDERED that:

1. A certificate of public convenience and necessity is granted to Bakman Water Co. authorizing it to construct and operate a public utility water system for the distribution and sale of water



within the area located approximately five miles east of downtown Fresno, Fresno County, California, the exterior boundaries of which are as follows:

Commencing at the intersection of Kings Canyon Road and Clovis Avenue, thence east on Kings Canyon Road to South Eisen Avenue, thence north on South Eisen Avenue approximately 2,000 feet, thence west approximately 550 feet to Fancher Creek, thence southwesterly along Fancher Creek to Clovis Avenue, thence south on Clovis Avenue to Kings Canyon Road, being the point of beginning.

2. Bakman Water Co., within ninety days after the effective date of this order, shall provide for the reasonable continuation of an adequate supply of water in case of failure of the proposed single source for serving the area certificated herein, and shall notify the Commission, in writing, of the manner in which this has been accomplished.

3. Charles E. Bakman, Frank S. Bakman, Walter W. Bakman, R. L. Bakman and Ida Bakman Gilstrap, a copartnership, may on or after the effective date hereof, and on or before June 30, 1963, transfer their public utility water certificates and properties, described in Application No. 43721, as amended, to Bakman Water Co., a corporation, substantially in accordance with the terms and conditions set forth in said Application No. 43721.

4. On or before the date of actual transfer, the sellers shall refund all customers' deposits and advances for construction, if any, which are subject to refund as of the date of transfer. Any unrefunded deposits and advances shall be transferred to and become the obligation for refund of Bakman Water Co.

5. On or before the date of actual transfer, the sellers shall transfer and deliver to the purchaser, who shall receive and preserve

all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

6. If the authority herein granted is exercised, sellers shall, within thirty days thereafter, notify this Commission, in writing, of the date of such completion of the property transfer herein authorized and of their compliance with the conditions hereof.

7. Upon completion of the sale and transfer herein authorized and compliance with all of the conditions of this order, Charles E. Bakman, Frank S. Bakman, Walter W. Bakman, R. L. Bakman and Ida Bakman Gilstrap, copartners, shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

8. Bakman Water Co. shall file in quadruplicate, within thirty days after the date of actual transfer, in accordance with General Order No. 96-A, (a) the revised rate schedules attached hereto as Appendix A, to be applicable in the Rancho Easterby Tariff Area, which is to include the area certificated herein, and (b) a revised tariff service area map acceptable to this Commission, applicable to the said area. Such tariff sheets shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

9. Bakman Water Co. shall file in quadruplicate, within thirty days after the date of actual transfer, in accordance with General Order No. 96-A, (a) the revised rate schedules attached hereto as Appendix B, to be applicable to the Bakman Homesites Tariff Area, and (b) a revised tariff service area map acceptable to this Commission applicable to the said area. Such tariff sheets shall become

effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

10. Bakman Water Co. shall file in quadruplicate, within thirty days after the date of actual transfer, in accordance with General Order No. 96-A, a single set of rules acceptable to this Commission, to be applicable to the service areas being acquired and the certificated area under the authority herein granted. Such tariff sheets shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

11. Bakman Water Co. shall notify this Commission, in writing, of the date service is first rendered to the public in the area herein certificated under the rates and rules authorized herein, within ten days thereafter.

12. Bakman Water Co. shall file within thirty days after the system is placed in operation under the rates and rules authorized, four copies of a comprehensive map showing the service areas acquired and certificated herein, drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings thereon the various tracts and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.

13. Bakman Water Co. shall determine 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; further, Bakman Water Co. shall review the accruals as of January 1st of the year following 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 plant composition occur and for each plant account at intervals of not more than five years. Results of such reviews shall be submitted to this Commission.

14. Ordering paragraph 7 of Decision No. 61550, dated February 21, 1961, in Application No. 42056, which ordered that extensions of the Rancho Easterby Water Company system shall not be made into territory outside of its certificated area, is modified to permit the extension of this system, under Section 1001 of the Public Utilities Code, into the territory referred to as Area "A" in Application No. 43722.

15. Bakman Water Co., for the purposes set forth in Applications Nos. 43721 and 43722 herein, may issue, on or after the effective date of this order and on or before June 30, 1963, not to exceed \$77,070 aggregate par value of its capital stock at \$10 per share and Bakman Water Co. shall file with this Commission a report or reports as required by General Order No. 24-A, which order insofar as applicable, is hereby made a part of this order.

16. Bakman Water Co. may assume the payment of the long-term indebtedness of not to exceed \$6,500 referred to in the second amendments to the applications.

The authorizations herein granted will expire if not exercised on or before June 30, 1963.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 4th day of June, 1962.

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Charles H. Brown  
President  
George H. Brown  
Fredrick B. Hallock  
Commissioners

APPENDIX A  
Page 1 of 4

Schedule No. R-1

Rancho Easterby Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Tract 1237, Rancho Easterby Gardens, Atherton Heights, the area bounded by Kings Canyon Road, South Eisen Avenue, Clovis Avenue and Fancher Creek, and vicinity, located approximately 1-3/4 miles east of Fresno, Fresno County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:		
First	800 cu. ft. or less .....	\$ 3.00
Next	4,200 cu. ft., per 100 cu. ft. ....	.25
Over	5,000 cu. ft., per 100 cu. ft. ....	.20
Minimum Charge:		
For	5/8 X 3/4-inch meter .....	\$ 3.00
For	3/4-inch meter .....	3.75
For	1-inch meter .....	5.00
For	1 1/2-inch meter .....	8.00
For	2-inch meter .....	13.00

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

APPENDIX A  
Page 2 of 4

Schedule No. R-2

Rancho Easterby Tariff Area

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Tract 1237, Rancho Easterby Gardens, Atherton Heights, the area bounded by Kings Canyon Road, South Eisen Avenue, Clovis Avenue and Fancher Creek, and vicinity, located approximately 1-3/4 miles east of Fresno, Fresno County.

RATES

	Per Service Connection Per Month
1. For a single-family residential unit, including premises not exceeding 8,000 sq. ft. in area .....	\$ 4.50
For each 100 sq. ft. of premises in excess of 8,000 sq. ft. ....	.03
2. For a multiple unit residential unit, including two units and premises not exceeding 15,000 sq. ft. ....	6.00
a. For each additional unit .....	3.00
b. For each 100 sq. ft. of premises in excess of 15,000 sq. ft. ....	.03
3. For each evaporative type cooler or re- frigeration type air conditioning unit:	
Circulating type .....	.20
Non-circulating type .....	.85

(Continued)

APPENDIX A  
Page 3 of 4

Schedule No. R-2

Rancho Easterby Tariff Area

GENERAL FLAT RATE SERVICE  
(Continued)

RATES (Continued)

	<u>Per Service Connection</u> <u>Per Month</u>
4. For each swimming pool equipped with a recirculating filter, during the six-month period May through October .....	\$3.00
5. For each business establishment served from a:	
a. 3/4-inch service connection .....	4.50
b. 1-inch service connection .....	8.00

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.
2. A meter may be installed at option of utility or customer for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. R-1, General Metered Service.
3. The swimming pool rate entitles the customer to completely fill the pool not more than once during the season to which the rate applies. Premises which include swimming pools not equipped with properly operating filters will be served only under Schedule No. R-1, General Metered Service.

APPENDIX A  
Page 4 of 4

Schedule No. R-5

Rancho Easterby Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

Tract 1237, Rancho Easterby Gardens, Atherton Heights, the area bounded by Kings Canyon Road, South Eisen Avenue, Clovis Avenue and Fancher Creek, and vicinity, located approximately 1-3/4 miles east of Fresno, Fresno County.

RATE

	<u>Per Month</u>
For each hydrant .....	\$2.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes charges will be made at the quantity rates under Schedule No. R-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 a result of its normal operation of the system.



APPENDIX B  
Page 1 of 2

Schedule No. B-1

Bakman Homesites Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area bounded by Willow, Olive, North Minnewawa, and Belmont Avenues, and vicinity, located approximately 1 mile east of Fresno, Fresno County.

RATES

		Per Meter Per Month
Quantity Rates:		
First	800 cu. ft. or less .....	\$2.00
Next	3,200 cu. ft., per 100 cu. ft. ....	.15
Next	6,000 cu. ft., per 100 cu. ft. ....	.12
Over	10,000 cu. ft., per 100 cu. ft. ....	.10
Minimum Charge:		
For	5/8 X 3/4-inch meter .....	\$2.00
For	3/4-inch meter .....	2.50
For	1-inch meter .....	3.00

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

APPENDIX B  
Page 2 of 2

Schedule No. B-2

Balman Homesites Tariff Area

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The area bounded by Willow, Olive, North Minnewawa, and Belmont Avenues, and vicinity, located approximately 1 mile east of Fresno, Fresno County.

RATES

	<u>Per Month</u>
1. For a single-family residential unit or other single unit establishment including premises and served from a:	
a. 3/4-inch service connection .....	\$ 2.75
b. 1-inch service connection .....	3.50
2. For each evaporative type cooler during the months of May through September:	
Circulating type .....	.25
Non-circulating type .....	.75
3. For the 4-inch service connection to Easterby School No. 2 .....	40.00

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.
2. Meters may be installed at option of utility or customer for above classifications, in which event service thereafter will be furnished only on the basis of Schedule No. B -1, General Metered Service.
3. Charges for air coolers will apply as provided in the above schedule except in those cases where the customer notifies the utility, in writing, which months, during the above period, any air cooler will not be in service, and providing that such unit is disconnected during said months subject to inspection by a utility representative.