

ORIGINAL

Decision No. 63943

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
GLEN D. CRUMAL & ANTHONY COPPOLA,
dba LENETTA WATER COMPANY, a
privately owned company, for a
certificate of public convenience
and necessity to operate a public
utility water system and to
establish rates for water service
in an unincorporated area south
and west of Visalia, known as Tract
No. 80 and 352, as set forth in
Section 1001 of the Public Utilities
Code.

Application No. 44168
(Filed February 8, 1962)

R. C. Soults, for applicants.

W. B. Stradley, for the Commission staff.

O P I N I O N

Public hearing on this application was held before Examiner John Power at Visalia on April 26, 1962, and the matter was submitted, subject to receipt of a late-filed exhibit. This exhibit has now been received and the matter is ready for decision. It appeared at the hearing that one Wayne D. Reader had acquired the interest of the applicant Coppola and should be substituted as co-applicant.

Notice of hearing was given to California Water Service Company and to City of Visalia and County of Tulare officials. California Water Service Company indicated by a letter (Exhibit No. 3), dated April 24, 1962, that it would not oppose this application.

A report by a hydraulic engineer of the Commission's staff was received as Exhibit No. 2.

The area for which a certificate is requested includes Lenetta Gardens, including Tract No. 352, which contains about 12 acres; Tract No. 80, which contains about 11 acres; and an additional area of about 35 acres lying north of Tract No. 352. The proposed service area lies immediately south of the southerly city limits of Visalia, Tulare County. The subdivision known as Lenetta Gardens will eventually consist of about 190 residential lots. At the present time, however, only Tract No. 352, consisting of 42 lots, is being developed. Subdivision of the balance of the area is anticipated immediately upon completion of construction in the initial tract. Tract No. 80, an old subdivision of 32 lots, contains 30 homes which in the past have obtained water from small, individually owned, shallow wells with fractional horsepower motor-driven pumps. During the summer of 1961, however, a majority of these wells failed and the residents therein requested that applicants, upon establishment of public utility water service, furnish water to the tract. The cost of this extension will be advanced by residents in the tract and refunds are to be made at the rate of 22% of revenue for a maximum period of 20 years as provided by the main extension rule prescribed for all California water utilities.

The filed tariff service area map for the Visalia District of California Water Service Company includes the proposed Lenetta Water Company service area and water service is presently being furnished to a subdivision about 1,000 feet north of Lenetta Gardens by California Water Service Company. Tulare County Water

Company was recently granted a certificate of public convenience and necessity by this Commission to serve an area immediately south of Tract No. 352. An extension of mains to furnish water service was requested from each of these utilities but, according to the applicants, the latter utility was unwilling to extend service to the area being applied for and the amount of advance required by California Water Service Company for extension of mains to this area was unreasonably high when compared to the costs of the applicants' proposed system. The length of extension required from the nearest main of California Water Service Company would be about 3,300 feet. Applicants estimated their cost of source of supply facilities to serve this tract, including a standby supply, would be \$11,500. The California Water Service Company estimated cost of extension would be substantially higher than this.

The principal source of supply proposed for this system is a well, 12 inches in diameter, drilled to a depth of about 225 feet and located on a lot within Tract No. 352. It will be equipped with a 25-horsepower electric motor directly connected to a deep-well pump set at a depth of about 120 feet. This pump will be designed to deliver about 475 gallons per minute against a distribution system pressure of 40 pounds per square inch. Water from this pump is to be delivered into a 5,000-gallon pressure tank with controls set to maintain about 35 pounds to 50 pounds per square inch system pressure.

The distribution system is to consist of about 6,950 feet of 6-inch and 5,100 feet of 4-inch, Class 150 asbestos-cement pipe laid primarily in streets. Service connections are to be 1½-inch diameter galvanized pipe from the distribution main,

branching to 1-inch diameter to each lot to be served. Fourteen wharf type hydrants are planned to be installed. After Tract No. 352 is developed and the water system is extended into areas immediately northerly thereof, an additional water supply will be required to furnish sufficient water to meet the needs of the customers in the area. Applicants plan to drill an additional well and equip it in a manner similar to their initial well when this additional development takes place. Until such time as the second well is drilled, however, applicants have made arrangements with the Tulare County Water Company for an interconnecting 4-inch main through which emergency water service could be furnished to either water system from the other.

Applicants' estimate of utility plant cost is summarized below:

<u>Ac. No.</u>	<u>Description</u>	<u>Amount</u>
301	Organization	\$ 300
306	Land	3,000
315	Well	2,450
324	Pump	3,776
342	Tank	2,292
343	Distribution Mains	31,442
345	Services	9,500
348	Fire Hydrants	<u>1,280</u>
	Subtotal	\$54,040
	Second Wellsite, Well and Pump	<u>9,226*</u>
	Total	\$63,266

*Estimated cost of proposed second source of supply not shown in application.

The application indicates that water will be furnished primarily on a flat rate basis. The rate proposed for this service is \$4 per month for a single-family residence including a lot of 8,500 square feet area. A rate of 3 cents per 100 square feet has

been requested for all area in excess of 8,500 square feet. The majority of the lots in Lenetta Gardens area will be 8,500 square feet or less in area. The lots in Tract No. 80 are 11,000 square feet in area or greater and, therefore, the charge for these lots would be somewhat higher than the proposed basic flat rate charge. The application includes no request for fire hydrant rates. At the time of the field investigation, however, applicants requested that the Commission authorize a charge of \$2 per month per hydrant.

The water system as proposed is properly designed to furnish adequate service in the area requested to be certificated. It conforms with the Commission's General Order No. 103, "Rules Governing Water Service, Including Minimum Standards for Design and Construction."

The meter rates and flat rates requested are typical of rates recently authorized by the Commission for utilities of similar nature operating in Kern, Tulare and Kings Counties, but are somewhat higher than the rates applicable in the Visalia District of California Water Service Company.

The ultimate average investment in utility plant of about \$285 per customer is reasonable when compared with other recently constructed systems of similar characteristics.

Applicants' proposed standby sources of supply appear to be adequate to supply the system when the primary well source may be temporarily out of service for repairs, maintenance or other reasons beyond the control of the system operator.

Applicants should make application to the appropriate health authority for a water supply permit.

The depreciation rate of 3% proposed by applicants is reasonable.

Based upon the application and the evidence adduced at the hearing, the Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the following order.
2. Applicants possess the financial resources to construct and operate the proposed water system.
3. Applicants' proposed water supply and distribution facilities will provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103.
4. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.
5. The required permit from the appropriate health authority has not been obtained.

To avoid the possibility of conflict with service areas of adjacent water utilities, applicants will be prohibited from extending outside of the area certificated herein without further authorization of this Commission.

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 the Commission basing its decision on the findings and conclusions set forth in the foregoing opinion,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Glen D. Crumal and Wayne D. Reader, authorizing them to construct and operate a public utility water system for the distribution and sale of water within the area delineated on the map attached to the application and designated Exhibit "A" thereto, which includes Tracts Nos. 80 and 352, Tulare County, and approximately 35 acres of unsubdivided land immediately north of Tract No. 352. Applicants shall not extend their system or provide water service outside of the area here certificated without further authorization of this Commission.

2. Applicants are authorized to file with this Commission, after the effective date of this order and prior to the date service is first rendered to the public under the authority herein granted, in a manner acceptable to the Commission and in conformity with the provisions of General Order No. 96-A, the schedules of rates and charges set forth in Appendix A attached to this order, together with rules governing service to customers, a tariff service area map showing definite boundaries, and sample copies of printed forms to be used in connection with customers' services. Said rates, rules, tariff service area map and forms shall become effective upon five days' notice to the public and to this Commission after filing as hereinabove provided.

3. Applicants shall notify this Commission in writing of the date service is first furnished to the public under the rates and rules authorized herein, within ten days thereafter.

4. 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 400 feet to the inch, delineating by appropriate markings the territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicants.

5. Beginning with the year 1962, applicants shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3%. This rate shall be used until review indicates that it should be revised. Applicants shall review the depreciation rate, using the straight-line remaining life method, when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

6. Prior to the date service is first furnished to the public under the rates and rules authorized herein, applicants shall (a) apply to the appropriate public health authority for a water supply permit for the system which will serve the area herein certificated, and (b) report to the Commission in writing, within ten days thereafter, that such application has been made.

7. 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 17th day of JULY, 1962.

George L. Grover
President

[Signature]

[Signature]

[Signature]

Fredrick B. Wilhoft
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Lenetta Gardens, and vicinity, located approximately one-quarter mile south of Visalia, Tulare County.

RATES

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	1,000 cu.ft. or less	\$ 3.25
Next	2,000 cu.ft., per 100 cu.ft.20
Next	2,000 cu.ft., per 100 cu.ft.18
Next	5,000 cu.ft., per 100 cu.ft.15
Over	10,000 cu.ft., per 100 cu.ft.12

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 3.25
For	3/4-inch meter	4.25
For	1-inch meter	6.50
For	1 1/2-inch meter	11.00
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.

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The area known as Lenetta Gardens, and vicinity, located approximately one-quarter mile south of Visalia, Tulare County.

RATES

	<u>Per Service Connection Per Month</u>
For a single family residential unit, including premises not exceeding 8,500 sq.ft. in area	\$4.00
For each 100 sq.ft. of premises in excess of 8,500 sq.ft.03

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. For service covered by the above classification, if either the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.

Schedule No. 5

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

The area known as Lenetta Gardens, and vicinity, located approximately one-quarter mile south of Visalia, Tulare County.

RATE

	<u>Per Month</u>
For each wharf type 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. 1, General Metered Service.
2. The cost of installation and maintenance of hydrants shall be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
5. 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.