

ORIGINALDecision No. 63978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of EDWARD and THETA McCOMB,)
 husband and wife, and LEROY F. and)
 ALLEEN McKNIGHT, husband and wife, for)
 a certificate of public convenience)
 and necessity to operate a public)
 utility system (water) to be known)
 as "Grand View Gardens Water Company",)
 in Tract 313, Tulare County, and adja-)
 cent territory, and to establish rates)
 for the service of water therefrom. }

Application No. 43886
 (Filed October 31, 1961)

O P I N I O N

Applicants seek a certificate of public convenience and necessity for a water system in Tract No. 313 of Tulare County and an unsubdivided area immediately to the west of it. The complete survey description is: Tract No. 313 and adjoining property in the SE½ of Lot 29 and E½ of Lot 28 of Pioneer Land Company's second subdivision and the N½ of the S½ of Section 15, T 21 S, R 27 E, M.D.B.&M.

A Commission engineer conducted an investigation of the proposed operation. His conclusions and recommendations are contained in a report dated April 12, 1962, which report is hereby made a part of the record herein as Exhibit No. 1.

The area includes approximately 30 acres and is located about one-half mile northwest of the city limits of Porterville. Tract No. 313 contains 43 lots which average about 10,000 square feet in area. This tract is being developed by applicants doing business under the name of Ed McComb and Company, General Building Contractor. These applicants do not operate any other public utility

water system. It is anticipated that the total area will eventually be subdivided into about 94 residential lots.

Other water systems in this general area are Valley View Water Company, a public utility under the jurisdiction of this Commission, located about one mile to the south, and the municipally owned system furnishing service within the City of Porterville.

The principal source of supply for the proposed system will be a well to be drilled on a lot within the tract planned to be served. It is to be equipped with a 15-hp electric motor directly connected to a deep-well turbine pump designed to deliver about 225 gallons per minute against an average system pressure of 40 pounds per square inch. An existing well, located on the same lot, is equipped with a 5-hp pump which, it is anticipated, will deliver about 75 gallons of water per minute at about 25 pounds system pressure. It will be used to augment the supply from applicants' primary source and will also be available for use during the early developmental period of the tract for an emergency supply in case of failure or shutdown of the primary supply. Applicants propose, as the subdivision develops and additional water is required, to replace the existing 5-hp motor and pump with a 15-hp unit which will then enable the combined sources to furnish an estimated total of about 450 gallons of water per minute. Water from these pumps is to be delivered into a 3,000-gallon pressure tank with controls set to maintain 40 to 55 pounds per square inch system pressure. The distribution system, as proposed, will consist of about 1,000 feet of 6-inch and 4,700 feet of 4-inch, Class 150 asbestos-cement pipe. Service connections are to be primarily 1-inch diameter galvanized

pipe extending from the distribution main, branching to two 3/4-inch diameter services, one of which will serve each lot. Four wharf type fire hydrants are planned to be installed.

Applicants' estimate of utility plant cost for the ultimate development is summarized below:

Land	600
Wells	3,000
Pumps	5,000
Tanks	1,600
Distribution Mains	14,471
Service Connections	1,410
Fire Hydrants	800
Miscellaneous Fittings	800
Engineering	<u>1,200</u>
Total	\$28,881

Applicants propose to have the eventual subdivider of the area outside of Tract No. 313 advance the total cost of distribution facilities to serve that additional area and that applicants will make refunds thereon at the rate of 22 percent of revenue for a maximum period of 20 years as provided in the main extension rule prescribed for all privately owned California water utilities. The cost of this anticipated extension is estimated at \$10,192 and is included in the above tabulation. The cost of the initial installation will be \$18,689.

The application indicates that water will be furnished primarily on a flat rate basis. The rate proposed for this service is \$4.50 per month for a single-family residence. Comparable rates for metered service have also been requested, based on a monthly meter minimum of \$3.75 for a 5/8 x 3/4-inch meter, which allows the use of 1,000 cubic feet of water. A rate of \$1.25 per month per fire hydrant is also requested to be authorized.

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 flat rate requested is somewhat higher than the more common \$4 per month flat rate authorized for many utilities in Tulare County. However, the same rate has been authorized by the Commission for one other utility in the Porterville area.

The average estimated investment in utility plant of \$306 per customer is reasonable when compared with other recently constructed systems of similar characteristics. This figure, however, does not include any amount for organization expense.

Applicants' proposed standby source of supply appears 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.

A depreciation rate of 3 percent is reasonable for this system.

Based upon the allegations of the application and the engineer's report (Exhibit No. 1) 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. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.

4. 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.

5. The required permit from the appropriate health authority has not been obtained.

6. A public hearing is not necessary.

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

Application having been filed and good cause appearing,
IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Edward and Theta McComb and Leroy F. and Alleen McKnight, 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 "B" thereto, consisting of 30 acres, more or less, and known as Tract No. 313, and adjoining territory, Tulare County.

2. Applicants are authorized to file with this Commission, after the effective date of this order and prior to the date service is first furnished to the public under the authority herein granted, in conformity with General Order No. 96-A and in a manner acceptable to the Commission, the schedules of rates attached to this order as Appendix A, rules governing service to customers, a tariff service area map and copies of printed forms to be used in connection with customers' services. 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. When the number of customers reaches 25, or within one year after the date service is first furnished to the public under the authority herein granted, whichever is earlier, applicants shall have installed such alternate facilities as are necessary to provide for the reasonable continuation of an adequate supply of water in case of failure of the initial primary source of supply. Within ten days after such alternate facilities are installed, applicants shall file a written report with this Commission, showing the number of customers then served and details of the manner in which the requirements of this paragraph have been accomplished.

4. 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.

5. 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.

6. Beginning with the year 1962, applicants shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3 percent. 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.

7. 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.

3. 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 24th day of JULY, 1962.

George G. Brown
President
[Signature]
[Signature]
[Signature]

Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tract No. 313, and vicinity, located one-half mile northwest of Porterville, Tulare County.

RATES

Per Meter
Per Month

Quantity Rates:

First	1,000 cu. ft. or less	\$ 3.75
Next	2,000 cu. ft., per 100 cu. ft.25
Next	2,000 cu. ft., per 100 cu. ft.23
Next	5,000 cu. ft., per 100 cu. ft.20
Over	10,000 cu. ft., per 100 cu. ft.17

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 3.75
For	3/4-inch meter	5.00
For	1-inch meter	7.00
For	1 1/2-inch meter	12.00
For	2-inch meter	17.00

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

APPENDIX A
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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The area known as Tract No. 313, and vicinity, located one-half mile northwest of Porterville, Tulare 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	\$4.50
For each 100 sq. ft. of premises in excess of 10,000 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 Tract No. 313, and vicinity, located one-half mile northwest of Porterville, Tulare County.

RATE

	<u>Per Month</u>
For each hydrant	\$1.25

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 will 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.