

Decision No. 64330**ORIGINAL**

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

In the Matter of the Application of  
 RUSSEL T. and VIRGINIA MITTS, dba  
 VIRMARGO WATER CO., 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 east of  
 Visalia, south of Highway 198, known  
 as Tract No. 365, as set forth in  
 Section 1001 of the Public Utilities  
 Code.

Application No. 44378

O P I N I O N

Russel T. and Virginia Mitts, doing business as Virmargo Water Co., by Application No. 44378 filed April 23, 1962, request a certificate of public convenience and necessity to construct and operate a public utility water system in a subdivision known as Virmargo Village, Tract No. 365, Tulare County. A report from a Commission staff engineer has been received and is made a part of the record as Exhibit 1.

The area for which a certificate is requested includes about 39 acres and is located approximately 1½ miles east of the city limits of Visalia. It is anticipated that the subdivision will eventually contain about 114 homes. The majority of the lots in this tract contain about 8,500 square feet. Other water systems in the area are California Water Service Company, Visalia District, furnishing service about one-half mile to the north and a small mutually operated water system serving about 30 homes immediately north of Tract No. 365.

The sources of supply proposed for this system are two wells 12 inches in diameter drilled to a depth of about 250 feet located on a lot within the tract. One well is to be equipped with a 25 hp electric motor and the other with a 20 hp electric motor, each directly connected to a deep-well turbine pump. These pumps will be designed to deliver a total of about 700 gallons of water per minute against system pressure of 40 pounds per square inch. Water is to be delivered into a 10,000-gallon pressure tank with controls set to maintain 35 to 50 pounds per square inch system pressure. The proposed distribution system is to consist of about 8,150 feet of 6-inch, Class 150 asbestos-cement pipe. Service connections are to be 1-inch diameter galvanized pipe extending from the distribution main to each lot to be served. Eight wharf-type hydrants are to be installed within the tract.

Applicants' estimate of utility plant costs is summarized below:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
301	Organization	\$ 300
306	Land	2,500
315	Wells	4,200
324	Pumps	6,366
342	Tanks	4,000
343	Distribution Lines	23,052
345	Services	6,270
348	Fire Hydrants	640
		<u>\$47,328</u>

The application indicates that water will be furnished primarily on a flat rate basis. The rate proposed for this service is \$4.10 per month for a single-family residence. Comparable rates for metered service have also been requested. At the time of the field investigation, applicants' representative requested that the Commission establish a \$2 per month per fire hydrant charge.

The water system, as proposed, appears to conform with the requirements of the Commission's General Order No. 103.

The rates requested are typical of rates recently authorized by the Commission for comparable water utilities operating in Kern, Tulare and Kings Counties.

The average investment in utility plant of \$415 per customer is somewhat higher than many recently constructed systems of similar characteristics but not so much higher as would warrant concluding that the amount is unreasonably high.

Applicants' proposed standby source of supply appears to be adequate. In the event that one well may temporarily be out of service for repairs, maintenance or other reasons beyond the control of the system operator, the other well is capable of supplying a reasonable minimum of service.

Applicants should, upon completion of the proposed initial construction, apply to the appropriate health authority for a water supply permit.

Applicants propose a depreciation rate of 3 percent and, as stated in the order herein, this rate may be used until review indicates that it should be revised.

Based upon the record herein 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.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

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 Russel T. and Virginia Mitts 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, consisting of 39 acres, more or less, and known as Tract No. 365, 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 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 of not more than 400 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 applicants.

5. 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.

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.

The authorization herein granted 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 2nd day of OCTOBER, 1962.

George H. Crover  
President  
W. L. Mitchell  
W. L. King  
Fredrick B. Holzoff

Commissioners

Commissioner C. Lyn Fox, 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 Virmargo Village, and vicinity, located approximately 1½ miles east of Visalia, Tulare County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
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 1½-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 Virmargo Village, and vicinity, located approximately 1½ miles east 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 . . . . .	\$ 4.10
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 Virmargo Village, and vicinity, located approximately 1½ miles east of Visalia, Tulare County.

RATE

Per Month

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.