

ORIGINALDecision No. 64447

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
T. J. DAVIS to transfer interest in
Tulare County Water Company to
DOYLE R. McCOMB and GERALDINE McCOMB.

Application No. 44649

In the Matter of the Application of
DOYLE R. McCOMB & GERALDINE McCOMB,
dba TULARE COUNTY 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 unin-
corporated area south and east of
Tulare known as Tract No. 366 as set
forth in Section 1001 of the Public
Utilities Code.

Application No. 44300

O P I N I O N

Application No. 44300 was filed by Doyle R. and Geraldine McComb, doing business as Tulare County Water Company, on March 28, 1962, seeking a certificate for water service in Tract No. 366, Tulare County. There was then outstanding a certificate, in the name of T. J. Davis and Doyle R. McComb, which authorized service to Tracts Nos. 344 and 345 in the same county. None of these three tracts is contiguous to the others.

Application No. 44649 alleges that the original cost of the systems in Tracts Nos. 344 and 345 was \$39,052. Mr. McComb offered and Mr. Davis accepted \$19,526 for the Davis half interest. Apparently unaware that Commission authorization was necessary, Mr. McComb caused a deed to be prepared from T. J. Davis, Mary L. Davis, Doyle R. McComb and Geraldine McComb to the McCombs. It is recorded

at vol. 2344, p. 644 in the official records of Tulare County. A copy of this deed is received in Application No. 44649 as Exhibit 1.

A Commission staff engineer's report dated August 16, 1962 is received in Application No. 44300 as Exhibit 1.

The 36-acre area for which a certificate is requested in Application No. 44300 is known as Tract No. 366, Tulare County. This proposed service area lies immediately northwest of the intersection of Bardsley Avenue and South Mooney Boulevard, about one-half mile southeast of the southerly limits of the City of Tulare. The subdivision is being developed and homes are being built therein by Doyle R. McComb. It will eventually consist of about 143 residential lots. At the present time, model homes are being constructed in the tract. The nearest existing public utility water system is Cardoza Water Company, which furnishes service approximately 1,500 feet to the west. The latter utility, however, has stated its inability to serve Tract No. 366. The City of Tulare operates a municipal water system within its city limits. According to information obtained from applicants, however, the municipal system will not extend service outside of the city limits.

The source of supply for this system is to be two wells drilled to a depth of about 215 feet. One will be equipped with a 25 h.p. electric motor and the second with a 20 h.p. motor, both directly connected to individual deep-well turbine pumps set at a depth of about 140 feet. These wells and pumps were in operating condition at the time of the staff field investigation. The total pumping capacity of the two wells is about 700 gallons per minute against 30 pounds per square inch system pressure. The water from

these wells is delivered into a 5,000-gallon pressure tank with controls set to maintain between 35 to 50 pounds per square inch system pressure. The distribution system, which is completely installed, consists of about 300 feet of 6-inch and 6,000 feet of 4-inch Class 150 asbestos-cement water main. Service connections are one and one-quarter-inch diameter galvanized pipe extending from the distribution main, branching to one-inch diameter at each lot to be served. Four wharf type fire hydrants are installed.

The final installed cost of all items of utility plant was not available at the time of the field investigation. Applicants' estimate of utility plant cost is summarized below:

<u>Ac. No.</u>	<u>Description</u>	<u>Amount</u>
301	Organization	\$ 500
306	Land	2,500
311	Structure	500
315	Wells	3,300
324	Pumps	5,975
342	Tank	1,875
343	Distribution Mains	8,540
345	Services	2,000
348	Fire Hydrants	600
	Total	<u>\$25,790</u>

The application requests that the meter and flat rates of Tulare County Water Company presently on file for Tracts Nos. 344 and 345 be applied in the area for which a certificate is requested herein. The application makes no request for fire hydrant rates. However, at the time of the field investigation applicants requested that the fire hydrant rates on file also be applied in this area.

Based upon the applications and the engineer's report (Exhibit 1 in Application No. 44300) the Commission finds that:

1. Public convenience and necessity require that Application No. 44300 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 applicants' tariff currently on file with this Commission are fair and reasonable for the service to be rendered.

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

6. The proposed transfer (Application No. 44649) is not adverse to the public interest and should be authorized. The action taken herein, however, shall not be construed to be a finding of the value of the properties authorized to be transferred.

7. Public hearing is not necessary.

To avoid the possibility of conflict with the service area of Cardoza Water Company, applicants will be prohibited from extending into territory north or west 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.

The action taken herein 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

Applications having been filed and the Commission having determined that the applications should be granted,

IT IS ORDERED that:

1. T. J. Davis and Mary L. Davis, sellers, may transfer and sell to Doyle R. McComb and Geraldine McComb, buyers, the one-half interest of sellers in the Tulare County Water Company, a public utility water system, for the sum of \$19,526 in cash and in accordance with the terms and conditions set forth in the application.

2. Doyle R. McComb and Geraldine McComb shall, within thirty days after the effective date of this order, file a notice of adoption of the rates and rules of Doyle R. McComb and T. J. Davis now on file with this Commission, in accordance with the procedure prescribed by General Order No. 96-A.

3. Upon compliance with paragraph 2 of this order, T. J. Davis shall stand relieved of his public utility obligations and liabilities in connection with the public utility water system herein authorized to be transferred.

4. A certificate of public convenience and necessity is granted to Doyle R. McComb and Geraldine McComb, 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 Application No. 44300 and designated Exhibit A thereto, namely Tract No. 366, Tulare County.

5. Doyle R. McComb and Geraldine McComb are authorized to file, after the effective date of the certificate herein granted, to be effective on or before the date service is first rendered to the public under the authority herein granted, additional and revised tariff sheets including tariff service area maps, acceptable to this Commission and in accordance with the requirements of General Order No. 96-A, to provide for the application of their present tariff schedules to the area certificated herein. Such additional and revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

6. Doyle R. McComb and Geraldine McComb 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.

7. Doyle R. McComb and Geraldine McComb 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 their various water system properties.

8. Beginning with the year 1962, Doyle R. McComb and Geraldine McComb 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. They 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.

9. Prior to the date service is first furnished to the public under the rates and rules authorized herein, Doyle R. McComb and Geraldine McComb 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.

10. Doyle R. McComb and Geraldine McComb shall not extend service into adjoining territory to the west or north of the area certificated by this order without further order of this Commission.

11. 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 23rd day of October, 1962.

George H. Traver
President

[Signature]

[Signature]

Frederick B. Holdhoff
Commissioners