

ORIGINALDecision No. 65629

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 T. J. DAVIS, dba T. J. DAVIS 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. 369, as set forth in Section)
 1001 of the Public Utilities Code.)

Application No. 44972

O P I N I O N

Applicant hereby requests authority to provide water service to Tract No. 369, Tulare County. The service area is about one mile west of the City of Visalia. The California Water Service Company which serves that city is distant, one-half mile to the east. Glenara Rancho Water Co. has filed a certificate application to serve an area immediately north of Tract No. 369. A file memorandum giving the results of a staff field investigation of this proposal has been prepared and is hereby made a part of the record as Exhibit No. 1.

The property included in the proposed service area is approximately twenty acres in extent. It is located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, Township 19 North, Range 24 East, Mt. Diablo Base and Meridian. It is bounded on the west by Linwood Road. Applicant's plat, annexed to the application as Exhibit A thereto, reveals 74 platted lots; however, lots 24-27, inclusive, have been designated as a "water lot", leaving 70 building sites.

Applicant's main well will be 240 feet deep with a 25 hp pump. The secondary well will be 160 feet deep with a 7½ hp pump. A 5,000-gallon pressure tank will discharge into approximately 3,000 feet of 4-inch class 150 asbestos-cement water main pipe. Services will be 3/4-inch galvanized pipe with a shut-off valve at each lot. The system is estimated to cost \$18,293, of which \$500 is allocated to organization, \$2,000 to land, and \$15,793 to depreciable plant.

A flat rate of \$4.00 per month with an allowance of up to 8,500 square feet of lot is proposed. An excess area charge of 3 cents per hundred square feet per month is proposed. Most of these lots will be in the 9,000 to 9,300 square feet category. A \$4.00 flat rate is typical of small water systems in this area.

A hypothetical result of operations for the first year of operation, assuming sales of all lots at the beginning of the year, would be as follows:

Revenue	\$4 x 70 x 12	\$ 3,360
Expenses:		
(1) Power	\$250	
(1) Administrative	600	
(1) Taxes Other than Income	372	
(1) Maintenance & Repairs	250	
Depreciation (3% of \$15,793)	<u>474</u>	1,946
Taxes Based on Income		<u>294</u>
Total Deductions from Revenue		2,240
Net Revenue		1,120
Average Rate Base		18,100
Rate of Return		6.2%

(1) - Estimate by Applicant.

The Commission finds that:

1. Tract No. 369 has, at present, no available supply of water for domestic use.

2. Applicant proposes to install a system for water service in said tract.

3. Applicant has the present financial resources to construct such a system and to operate the same during a possible period of loss at the beginning.

4. The water system as proposed, appears to be properly designed to furnish adequate service to Tract No. 369.

5. The majority of lots in the proposed system are greater than 8,500 square feet in area. Therefore, to authorize this size area as a maximum entitlement would result in lots being billed at several different levels increasing billing costs and, hence, the operating costs.

6. The plant cost per customer proposed, namely \$262, is comparable to that of other recently constructed systems of similar characteristics.

7. Applicant's proposal for a standby source of supply, when the principal source is temporarily out of service for repairs, maintenance or other reasons beyond the control of the operator, is reasonably adequate.

8. Applicant has applied to the Tulare County Health Department for a water supply permit. Such permit has not been issued.

9. Glen Crumal and Wayne Reeder, doing business as Glenara Rancho Water Co., have applied for a certificate to provide water service in an area immediately north of Tract No. 369, thus creating

the possibility of a conflict over service rights in the future unless applicant's right to extend into contiguous territory is restricted toward the north.

10. Public convenience and necessity require that the sought certificate be granted. ✓

11. The rates authorized by the following order are fair and reasonable for the service to be rendered. ✓

The Commission concludes that the application should be granted as provided in the ensuing order. ✓

The certificate hereinafter granted shall be subject to the following provision of law: ✓

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.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to T. J. Davis, authorizing him to construct and operate a public utility water system for the distribution and sale of water within Tract No. 369, Tulare County.

2. Within one year after the effective date of this order, applicant is authorized to file the rates set forth in Appendix A attached to this order, to be effective on or before the date service is first furnished to the public under the authority herein granted, together with rules and a tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96-A. After having been so filed, such tariff sheets shall become effective upon five days' notice to this Commission and to the public.

3. Applicant shall not extend service into adjoining territory to the north of the area certificated by this order without further order of this Commission.

4. Within ten days after the date service is first rendered to the public under the rates and rules authorized herein, applicant shall so notify this Commission in writing.

5. Within thirty days after the system is placed in operation under the rates and rules authorized herein, applicant shall file 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 applicant.

6. Beginning with the year 1963, applicant 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. Applicant 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.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 2nd day of July, 1963.

George H. Crover
President
John C. [unclear]
Robert W. [unclear]
Fredrick B. Hohlhoff
William W. Bennett
Commissioners

APPENDIX A
Page 1 of 3

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tract No. 369, and vicinity, located approximately 1 mile west 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 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.

APPENDIX A
Page 2 of 3

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The area known as Tract No. 369, and vicinity, located approximately 1 mile west of Visalia, 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	\$4.00
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. 369, and vicinity, located approximately 1 mile west 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.