

**ORIGINAL**Decision No. 65670

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
DOYLE R. McCOMB and GERALDINE McCOMB,  
dba TULARE COUNTY WATER COMPANY, a  
privately owned company, for a certi-  
ficate of public convenience and  
necessity to operate a public utility  
water system and to establish rates  
for water service in an unincorporated  
area west of Tulare, known as Tract  
No. 381, as set forth in Section 1001  
of the Public Utilities Code.

Application No. 45247

O P I N I O N

Applicants, who now hold certificates to serve three other separated tracts in the same general area, seek a certificate for water service in Tract No. 381, Tulare County. A field study by an engineer of the Commission's Hydraulic Branch resulted in a report, hereby made a part of the record as Exhibit 1. The facts relating to this application sufficiently appear in the findings.

The rate proposal merits some comment. The application proposes a flat rate of \$5. per month. On the occasion of the field trip the staff engineer pointed out to applicants that a rate at that level might lead to an excessive rate of return. Applicants indicated that they were agreeable to extending their presently filed rates to the new system.

Tract No. 381, Tulare County, consists of approximately 32 acres and is divided into 125 residential lots, and is located on the south side of a public road known as Inyo Street approximately one-half mile west of the corporate limits of the City of Tulare.

The nearest domestic water systems to Tract No. 381 are (1) a mutual water company, adjacent to the west in Tract No. 138; (2) the municipal system of the City of Tulare one-half mile to the east; and (3) a public utility system owned by applicants, about one mile north.

Neither the mutual nor the City of Tulare is willing to render domestic water service to Tract No. 381.

Applicants herein are presently rendering domestic water service to 111 customers, under authority of certificates of public convenience and necessity issued by this Commission. These customers are served in three separate systems located approximately one, two and eight miles distant from Tract No. 381. Due to the expense it would not be practical to extend any of these systems to Tract No. 381.

A composite depreciation rate of three percent is applied by applicants in their presently operated systems.

Applicants propose to install a system in Tract No. 381 consisting of two wells with pumps, an 8,000-gallon pressure tank, approximately 4,200 feet of 4-inch and 2,200 feet of 6-inch diameter, Class 150, asbestos-cement water main pipe with service connections, and five fire hydrants, together with valves and other necessary items.

Applicants' net worth is greatly in excess of the cost of installing the system proposed for Tract No. 381, which is \$30,180. This figure includes \$16,676 for organization, land and source facilities, and \$13,504 for the distribution facilities.

Applicants' total estimated plant as at July 1, 1963, using a three percent depreciation rate and assuming that the

subdivider of Tract No. 381 will advance \$13,504 for the construction of distribution facilities in Tract No. 381 can be tabulated as follows:

<u>Item</u>	<u>Utility Plant</u>	<u>Depreciation Reserve</u>	<u>Depreciated Utility Plant</u>	<u>Advances</u>	
				<u>Dollars</u>	<u>Percent</u>
Utility Plant in presently certificated areas	\$66,045	\$2,516	\$63,529	\$ 0	0
Proposed Construction Tract No. 381	<u>30,180</u>	<u>0</u>	<u>30,180</u>	<u>13,504</u>	<u>41.4</u>
Totals	\$96,225	\$2,516	\$93,709	\$13,504	14.4

Applicants propose to lay pipe in the streets and alleys and when dedicating such thoroughfares, easements have been, or will be, reserved for this purpose. They have obtained the necessary permit from the State Department of Public Health.

The Commission finds that:

1. Applicants' presently filed rates are fair and reasonable rates for water in Tract No. 381.
2. Applicants have the present financial ability to construct and operate the system herein proposed.
3. A composite depreciation rate of three percent is reasonable for the system in Tract No. 381.
4. It is reasonable to require the subdivider of Tract No. 381 to advance the sums needed to construct distribution facilities in said tract, said advances to be refundable under applicants' filed main extension rule.
5. Applicants' system, as proposed, is properly designed to furnish water service to Tract No. 381.

6. Average utility plant cost of \$242. per service is reasonable in this circumstance.

7. Applicants' arrangement for standby service is adequate.

8. Public convenience and necessity require that a certificate be granted to applicants to construct a public utility water system to furnish water for domestic and other purposes in Tract No. 381, Tulare County.

The Commission concludes that the application should be granted as provided by the following 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 Doyle R. McComb and Geraldine McComb, authorizing them to construct a public utility water system to serve Tract No. 381, Tulare County.

2. Within one year after the effective date of this order, and not less than five days before service is first furnished to the public under the authority granted herein, if applicants intend to exercise that authority, they shall file additional and revised tariff sheets, including tariff service area maps, to provide for the application of their present tariff schedules to the area certificated herein. Such filing shall comply with General Order No. 96-A, and the additional and revised sheets, if acceptable to this Commission, shall become effective on the fourth day after the date of filing.

3. Compliance by applicants with paragraph 2 of this order shall constitute acceptance by them of the right and obligation to furnish public utility water service within the area certificated herein. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

4. Prior to the date service is first furnished to the public under the authority granted herein, applicants, having obtained, from the public health authority having jurisdiction, a water supply permit for the proposed system, shall file a copy thereof with this Commission.

5. Within ten days after the date service is first rendered to the public under the rates and rules authorized herein, applicants shall submit written notice thereof to this Commission.

6. Within thirty days after the system is first placed in operation under the authority granted herein, applicants 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 properties related to applicants' water system certificated herein.

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

9<sup>th</sup> Dated at San Francisco, California, this day of JULY 4, 1963.

William B. Burnett  
President

John E. Mitchell  
George A. [unclear]

George T. Hoover

Frederic B. Hallock  
Commissioners