

ORIGINAL

Decision No. 65778

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 GLEN CRUMAL and WAYNE REEDER, dba)
 GLENARA RANCHO 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)
 south and west of the City of Visalia)
 known as Tract No. 373 and adjacent)
 40 acres being a part of Glenara)
 Rancho subdivision as set forth in)
 Section 1001 of the Public Utility)
 Code.)

Application No. 44807

O P I N I O N

This application seeks a water certificate in a tract southwest of Visalia, Tulare County, designated as Tract No. 373. An amendment was filed on May 28, 1963 which, among other things, withdraws the application as to Glen Crumal leaving Wayne Reeder as sole applicant. An engineer of the Commission's Hydraulic Branch made a field investigation and prepared a report, a copy of which will be incorporated in the record as Exhibit No. 1.

Crumal and Reeder together operate another certificated water utility in the Visalia area which they call Lenetta Water Company. It is not contiguous to or even very close to the territory sought to be certificated herein.

Tract No. 373 is located on the east side of Linwood Road about one-quarter mile south of Walnut Avenue. The description is the $W\frac{1}{2}$ of the $SE\frac{1}{4}$ of the $NE\frac{1}{4}$ and the $SW\frac{1}{2}$ of the $NE\frac{1}{4}$ of Section 2, T.19 S., R.24 E., M.D.B.& M. The tract includes 50 acres, more or less, and will have 122 platted lots. The certificated Buhl Water Company is one-quarter of a mile north. T. J. Davis has applied for a certificate for a tract immediately to the south.

The applicant proposes a system with the following characteristics: one 12-inch well, 170 feet deep with a pump and 30-hp motor and another 12-inch well, 168 feet deep with a pump and 15-hp motor. It is estimated that the wells will be able to produce 650 gallons per minute against a pressure of 45 pounds per square inch.

The two pumps will discharge into a 5,000-gallon pressure tank, the controls of which will be set at 35-55 pounds per square inch. About 3,800 feet of 6-inch and 4,600 feet of 4-inch, class 150 asbestos cement pipe, 122 one-inch services, eight fire hydrants and necessary valves and other appurtenances will complete the system. There will be four dead ends with, however, provisions for flushing at each.

It is estimated that such a plant will cost \$40,873.75. This figure includes \$300 for organization, \$2,000 for land and \$38,573.75 for depreciable plant.

The rates proposed are \$4 per month per single family residence, plus 3 cents per month per 100 square feet of lot size over an allowed maximum of 10,000 square feet. This would create per customer billing of \$4.78 per month for holders of a 12,600 square foot lot, which is the average size. The proposed meter minimum (5/8 by 3/4-inch) is \$3.25 with a monthly entitlement of 1,000 cubic feet. The flat rate will be the basic and probably the universal rate. The proposed rates are typical of the Tulare-Kings area.

Shown below is a tabulation of the estimated operating results based upon data furnished by applicant and adjusted by the

Commission staff. These estimates assume 100 percent saturation of the tract.

Item	100% Saturation, 122 Customers			
	Applicant		Commission Staff	
	Annual Amount	Annual Amt. Per Customer	Annual Amount	Annual Amt. Per Customer
Operating Revenue	\$ 5,856	\$ 48.00	\$ 7,000 ^a	\$ 57.38
Power	1,464	12.00	1,464	12.00
Maintenance and Repairs	40	.33	40	.33
Administrative Expense	700	5.74	700	5.74
Taxes	700	5.74	700	5.74
Depreciation	-	-	1,160 ^b	9.50
Total Expenses	2,904	23.81	4,064	33.31
Net Revenue	2,952	24.19	2,936	24.07
Gross Plant	40,873.75	335.03	40,873.75	335.03
Return on Gross Plant	7.22%	7.22%	7.18%	7.18%

- a. Recalculated using average lot size of 12,600 square feet.
 b. Based upon 3 percent of gross depreciable plant.

The amendment to the application has attached to it a financial statement of Wayne Reeder. It reveals that Reeder's resources appear to be adequate to construct the system and to operate it during an initial period of operation at a loss.

The Commission finds that:

1. The water system proposed in the application will be adequate to provide water service in Tract No. 373, Tulare County.
2. Wayne Reeder has the necessary financial resources to construct and operate such a system.
3. The necessary permit from the Tulare County Health Department has been applied for but not issued.
4. Public convenience and necessity require that the certificate applied for be granted.
5. The rates established by the following order are fair and reasonable rates for water service in Tract No. 373.

6. A possible conflict with T. J. Davis, doing business as T. J. Davis Water Company, may arise unless applicant's certificate is restricted toward the south.

The Commission concludes that the application should be granted as hereinafter provided.

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.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Wayne Reeder, authorizing him to construct and operate a public utility water system to serve Tract No. 373, Tulare County.
2. Applicant shall not extend service into adjoining territory to the south of the area certificated by this order without further order of this Commission.
3. 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.

4. Within ten days after the date service is first furnished 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 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 30th day of JULY, 1963.

William A. Beardsley
President
John E. Mitchell
Charles H. Hoag
George L. Trover
Frederick B. Hallock
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Glenara Rancho, Tract No. 373, 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.

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The area known as Glenara Rancho, Tract No. 373, 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 classifications, if either the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service, effective as of the first day of the calendar month following installation of the meter. When the flat rate charge applicable to service subsequent to conversion to the meter rate has been paid in advance, refund of the flat rate payments for such subsequent service shall be made on or before the effective date of such conversion.

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 Glenara Rancho, Tract No. 373, and vicinity, located approximately 1 mile west of Visalia, Tulare County.

RATE

Per Month

For each hydrant \$2.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall 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.