

**ORIGINAL**Decision No. 67871

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of EDWARD and THETA  
 McCOMB, husband and wife, for a  
 certificate of public convenience  
 and necessity to operate a public  
 utility system (water) known as  
 "Grand View Gardens Water Company"  
 in Tract 274, Tulare County, and  
 adjacent territory, and to establish  
 rates for the service of water  
 therefrom.

Application No. 45634  
 (Filed July 31, 1963)

Walter K. McCormick, for applicants.

Arthur C. Fegan, for the Commission  
 staff.

O P I N I O N

This application was heard before Examiner Coffey at San Francisco on June 4, 1964, and was submitted on June 23, 1964, upon the receipt of late-filed exhibits and the transcript. Copies of the application and the notice of hearing were served in accordance with the Commission's procedural rules. There are no protests.

Applicants request the issuance of a certificate of public convenience and necessity to operate a public utility water system in Tract No. 274 and vicinity, about 1,000 feet west of applicants' present water system, the Grand View Gardens Water Company, which serves about 44 flat rate customers, near Porter-ville, Tulare County. The requested area consists of 20 lots associated with Tract No. 274 and 6 lots adjoining the north

boundary of this tract, totaling about seven acres of flat land. The requested area presently is being supplied water service by the Beverly-Grand Mutual Water Company. The source of supply is a well equipped to develop a capacity of 165 gallons per minute. Water is delivered into the distribution system through a 2,500-gallon hydropneumatic tank. The distribution system has two dead ends without blowoffs. The system has 25 one-inch active flat rate service connections and no fire hydrants. Applicants' witness recommended that a six-inch transmission line be installed to interconnect applicants' present system water supply of about 350 gallons per minute capacity with that of the requested area.

Applicants' water system is the nearest public utility, others being about one mile away.

Applicants request authority to apply the existing tariff schedules applicable to Grand View Gardens Water Company to service within the requested area. Applicants' filed rates are as follows:

Metered Service

Quantity Rates:	<u>Per Meter Per Month</u>
First 1,000 cu.ft. or less .....	\$3.75
Next 2,000 cu.ft., per 100 cu.ft. ....	.25
Next 2,000 cu.ft., per 100 cu.ft. ....	.23
Next 5,000 cu.ft., per 100 cu.ft. ....	.20
Over 10,000 cu.ft., per 100 cu.ft. ....	.17

Flat Rate Service

	<u>Per Service Connection Per Month</u>
For a single residential unit, including premises not exceeding 10,000 sq.ft. in area .....	\$4.50
For each 100 sq.ft. of premises in excess of 10,000 sq.ft. ....	.03

The present rate of the mutual is \$4.00 per month per service connection.

The water system of the Beverly-Grand Mutual Water Company has been in service about five years. A majority of the mutual stockholders have entered into an agreement to convey the water system to applicants for \$1.00 if a certificate of public convenience and necessity is granted by this Commission. All but four of the property owners who reside in the mutual area signed the agreement and only one property owner refused to sign the agreement.

Applicants presented exhibits and testimony to establish that the Beverly-Grand Mutual Water Company does in fact operate as a true mutual. One of the applicants stated that they would be willing to serve the area if the Commission should limit the charges to plant accounts to an amount not in excess of the purchase price paid plus reasonable costs of acquisition and additions.

Applicants' witness testified that the requested rates, assuming a total of 71 customers in both the present and requested areas, would yield a rate of return of approximately 6.0 percent. The estimated rate base did not include the plant of the mutual.

The Commission staff presented testimony that, except for a standby source of supply and two dead-end mains without blowoffs, the water system conforms to the requirements of the Commission's General Order No. 103, "Rules Governing Water Service, Including Minimum Standards for Design and Construction", and appears to be properly designed to furnish adequate service to the requested area. Further, the recommended interconnection of the systems would adequately meet the requirement of a standby source of water and would eliminate one dead-end condition. The staff witness recommended that applicants' request be granted.

Decision No. 63978, dated July 24, 1962, by which applicants were granted a certificate of public convenience and necessity for their present system, provided:

"3. When the number of customers reaches 25, or within one year after the date service is first furnished to the public under the authority herein granted, whichever is earlier, applicants shall have installed such alternate facilities as are necessary to provide for the reasonable continuation of an adequate supply of water in case of failure of the initial primary source of supply. Within ten days after such alternate facilities are installed, applicants shall file a written report with this Commission, showing the number of customers then served and details of the manner in which the requirements of this paragraph have been accomplished."

This record discloses, and we find, that applicants erroneously reported by letter on January 4, 1963 that they had complied with the foregoing ordering paragraph.

Applicants' attention is called to Sections 2101 through 2113 of the Public Utilities Code, which set forth penalties for the failure or neglect to comply with any order, decision, decree, rule, direction, demand, or requirement of this Commission. Applicants are cautioned to submit in the future to this Commission accurate and prompt reports and promptly to request any necessary extensions of time for purposes of compliance.

Upon consideration the Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. Applicants possess the financial resources to purchase and operate the water system for which a certificate is requested herein.
3. Applicants' present rates are fair and reasonable for the service to be rendered in the area for which a certificate is requested.

4. The water supply and distribution facilities will provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103 when applicants interconnect their present and requested areas and eliminate any main dead ends.

5. Applicants' water supply permit does not include the source of water for the requested area.

6. The Beverly-Grand Mutual Water Company has operated as and is in fact a true mutual water company.

7. Applicants will be the first to devote the water system to be acquired from the Beverly-Grand Mutual Water Company to public utility service.

8. The original cost to applicants of the water system purchased from the Beverly-Grand Mutual Water Company will be \$1.00 plus other costs of acquisition.

We conclude that the applicants' request should be granted as set forth and conditioned in 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.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Edward and Theta McComb (doing business as Grand View Gardens Water Company), authorizing them to operate a public utility water system to serve Tract No. 274 and vicinity, Tulare County, as shown on the map, Exhibit C, attached to the application herein.

2. Applicants are authorized and directed to apply their presently filed tariffs to the area certificated herein.

3. Applicants are authorized to revise, within thirty days after the effective date of this order, and in conformity with General Order No. 96-A, such of their tariff schedules, including tariff service area maps acceptable to this Commission, as are necessary to provide for the application of their tariff schedules to the area certificated herein. After having been so filed, such tariff sheets shall become effective on the fourth day after the date filed.

4. Within ten days after the date service is first rendered to the public under the authority granted herein, applicants shall submit written notice thereof to this Commission.

5. Within sixty days after service is first furnished 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 tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicants.

6. Applicants shall, within sixty days after the date service is first furnished to the public under the authority herein granted, apply to the health authority having jurisdiction for a water supply permit which will include the supply of the requested area, and report to the Commission in writing that application has been made for such permit.

7. Within six months after service is first furnished under the authority granted herein, applicants shall interconnect their present system and the system presently serving Tract No. 274 with a transmission line of not less than six inches in diameter. Within ten days after such installation, applicants shall file with this Commission a written report certifying that the requirements of this paragraph have been met.

8. Within six months after service is first furnished under the authority granted herein, applicants shall eliminate any dead-end main conditions. Within ten days after such elimination, applicants shall file with this Commission a written report certifying that the requirements of this paragraph have been met.

9. Applicants, in recording their acquisition of the Beverly-Grand Mutual Water Company properties, shall charge to their plant accounts an amount not in excess of the purchase price paid plus reasonable cost to them of acquisition. In addition, applicants shall, within thirty days after the effective date of this order, file with this Commission the journal entries they propose to use for the purpose of recording said acquisition, together with a statement showing the items to be capitalized as representing purchase price and costs of acquisition.

10. 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 22nd day of SEPTEMBER, 1964.

Fredrick B. Hallock  
President

John L. Mitchell

Robert W. Case

George H. Brewer

William G. Smith  
Commissioners