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ORIGINAL

Decision No. 67928

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
 Glen D. Crumal dba Sunset Vista Water)
 Company, a privately owned company,)
 for a Certificate of Public Convenience)
 and Necessity to Operate a Public Util-)
 ity Water System and to Establish Rates)
 for Water Service in an Unincorporated)
 Area, Southwest of Visalia, South of)
 Caldwell Avenue and West of Mooney)
 Blvd., known as Tract No. 407 and ad-)
 jacent area as shown in attached map)
 as set forth in Section 1001 of the)
 Public Utility Code.)

Application No. 46296
 (Filed March 18, 1964)
 (Amended May 11, 1964)

O P I N I O N

Applicant seeks a certificate to render water service in Tract No. 407, Sunset Vista, and adjacent territory in Tulare County, Southwest of Visalia. Since the application was amended, R. C. Soultz, who constructed the system, executed a bill of sale thereof to applicant. The bill of sale was filed on July 27, 1964. A report on the system by a hydraulic engineer of the Commission staff, dated August 5, 1964, is included in the record as Exhibit No. 1; the bill of sale filed on July 27, 1964, is included as Exhibit No. 2. With these last two filings the matter is ready for decision.

The applicant is also the developer and builder of the subdivision. Tulare County has approved Tract No. 407 which contains the first 36 lots of a total of 93 lots to be developed in the area for which a certificate is requested. Water system facilities have been installed to serve Tract No. 407.

There are two other water systems in the general area. A partnership consisting of applicant and Anthony Coppola, dba Lenetta Water Company, is certificated, and serves approximately 80 customers, in an area known as Lenetta Gardens consisting of some 190 residential lots located about 2,200 feet (measured along Caldwell Avenue and Mooney Boulevard) northeast of the Sunset Vista Subdivision. Doyle and Geraldine McComb, dba Tulare County Water Company, are certificated and are serving Tract No. 345 located approximately 2,200 feet east on Caldwell Boulevard.

The sources of water supply for this system are two wells. The primary well, located a few feet east of the southeast corner of Tract No. 407, is 12 inches in diameter, 282 feet deep, equipped with a 30 hp electric motor directly connected to a 5-stage, 10-inch, deep well turbine pump. It is estimated to produce 850 gallons of water per minute with a drawdown from 63 feet to 98 feet below ground level. The pump setting is 120 feet below ground level. The water from this well will be pumped into a 5,000-gallon pressure tank with operating pressures set to range between 35 and 50 psi.

The secondary well located near the northwest corner of Tract No. 407 is now being used to irrigate crops being raised in the area requested to be certificated. It is reported to produce some 500 gpm. Information furnished by the Soult's Pump Company, which installed the present facilities, indicates that if the main source of supply failed, water could be obtained from the secondary source by means of a small centrifugal pump and a tie line of approximately 50 feet to the distribution system in Tract No. 407. It is planned to connect this source of water when the area is fully developed to permit operation during peak demands. Applicant

estimates that the two sources of water will provide a capacity of 750 gpm against a main pressure of 40 psi. On a flat rate basis the water requirement for 36 customers is estimated to be 379 gpm and for 93 customers it is 619 gpm. Based on information furnished by applicant, the staff estimates that the primary well will supply approximately 500 gpm against a main pressure of 40 psi.

Water from the 5,000-gallon pressure tank is presently delivered to that portion of the system presently installed in Tract No. 407 which consists of approximately 1,850 feet of 6-inch diameter Class 150 cement-asbestos pipe laid in streets and easements. One-inch and 1½-inch services have been installed.

Estimated installation cost of utility plant to serve the 36 lots in Tract No. 407 is shown below together with the estimated cost to serve the remaining 57 lots in the subdivision.

<u>Ac. No.</u>	<u>Description</u>	<u>Tract No. 407 Amt.</u>	<u>Additional 57 Services Amount</u>	<u>Total</u>
301	Organization	\$ 300	\$ -	\$ 300
306	Land	1,500	500	2,000
315	Wells	2,105	835	2,940
324	Pumps	2,542	2,548	5,090
342	Tank	2,000	-	2,000
343	Trans. & Distr. Mains	4,656	8,737	13,393
345	Services	936	1,621	2,557
348	Hydrants	160	80	240
	Totals	\$14,199	\$14,321	\$28,520
	Number of Services	36	57	93
	Average per Service	384	252	307

Applicant requests a flat rate of \$4.50 per month for premises between 8,000 and 9,000 square feet in area, \$4.80 for premises between 9,000 and 10,000 square feet and three cents for each 100 square feet in excess of 10,000 square feet. In view of the fact that 90 percent of the lots in Tract No. 407 range in

area from 8,000 to 9,000 square feet the staff recommends that the rate of \$4.80 for premises ranging in size from 9,000 to 10,000 square feet be eliminated and that the three cents per 100 square feet be made applicable to premises in excess of 9,000 square feet in area. These changes will be made.

Applicant requests the following meter rates:

<u>Monthly Quantity Rates</u>	<u>Per Meter Per Month</u>
First 1,000 cubic feet or less	\$3.50
Next 2,000 cubic feet, per 100 cubic feet	.20
Next 2,000 cubic feet, per 100 cubic feet	.18
Next 5,000 cubic feet, per 100 cubic feet	.15
Next 10,000 cubic feet, per 100 cubic feet	.12

<u>Monthly Minimum Charge</u>	<u>Per Meter Per Month</u>
5/8 x 3/4-inch meter	\$ 3.50
3/4-inch meter	4.50
1-inch meter	6.75
1½-inch meter	11.00
2-inch meter	16.00

The staff recommends simplification of the metered schedule and revision of the tail block to one rate of 15 cents per 100 cubic feet for all deliveries over 5,000 cubic feet. The staff also recommends that the monthly minimum charge for 1½ and 2-inch meters be increased to \$12 and \$17, respectively. This will be done.

Fire hydrant service in connection with two hydrants in Tract No. 407 is being furnished, therefore, a fire hydrant service schedule with a rate of \$2.00 per month will be authorized.

Applicant proposes to furnish service on a flat rate basis. Shown below is applicant's estimate of revenues, expenses and taxes other than on income to serve 93 potential customers at \$4.50 per month flat rate basis in the area requested to be

certificated, with the staff's estimate to serve only the 36 potential customers in Tract No. 407. Depreciation expense and income taxes have been estimated by the staff in both instances.

	<u>Tract No. 407</u> <u>36 Customers</u>	<u>Total Area</u> <u>93 Customers</u>
Revenue	\$ 1,944	\$ 5,022
Operating Expenses:		
Electric Power	600	1,535
Maintenance and Repairs	250	620
Administration	300	710
Taxes Other Than on Income	160	320
Depreciation Expense	372*	473**
Franchise Taxes	3	13
Federal Income Taxes	42	221
Subtotal Expenses and Taxes	<u>1,727</u>	<u>3,892</u>
Net Revenue	217	1,130
Rate Base	14,199	18,082
Rate of Return	1.5%	6.2%

* 3% of \$12,399

** 3% of \$15,782

The preceding tabulation for Tract No. 407 indicates that the requested rates would not produce an excessive rate of return. The estimates of depreciation, taxes on income, net revenue and rate base for the total area would be applicable only if the whole water system were being developed and financed as one project. The composite depreciation rate of 3 percent appears reasonable.

The staff has recommended that a certificate be granted for the water system presently installed in Tract No. 407 only. It further recommended that schedules for metered and flat rate service and for public fire hydrant service be authorized. In the Commission's opinion these recommendations are desirable and they will be adopted.

In granting the certificate the Commission is relying on the representation of applicant that the title to this water system is vested in applicant. Applicant is placed on notice that this certificate would not be granted if the title to the system were vested elsewhere or if there were securities outstanding, the existence of which has not been communicated to the Commission.

The Commission finds that:

1. Public convenience and necessity require that the application should be granted as set forth in the following order.
2. Applicant possesses the financial resources to construct and operate the proposed system.
3. The rates set forth in Appendix A attached hereto are fair and reasonable for the proposed service.
4. Applicant's proposed system will provide reasonable service for the area herein certificated and meet the minimum requirements of General Order No. 103.
5. The water supply will meet the requirements of General Order No. 103 in the immediate future.
6. A water supply permit has not been applied for.
7. A composite depreciate rate of 3 percent is reasonable for this system.

The Commission concludes that the application should be granted as provided by the following order. A public hearing is not necessary.

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 proceedings 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 Glen D. Crumal authorizing him to construct and operate a public utility water system to serve Tract No. 407, 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 and in accordance with the requirements of General Order No. 96-A. After having been so filed, such tariff sheets shall become effective the fourth day after the date filed.
3. Compliance by applicant with paragraph 2 of this order shall constitute acceptance by him of the right and obligation to furnish public utility water service within the area certified 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. Within ten days after the date service is first rendered to the public under the rates and rules authorized herein, applicant shall submit written notice thereof to this Commission.

5. Within sixty days after the system is first placed in operation under the authority granted herein, applicant shall file four copies of a comprehensive map, drawn to an indicated scale of not more than 200 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 applicant's water system certificated herein.

6. Beginning with the year 1964, 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 it should be revised. Applicant shall review the depreciation rate, using the straight-line remaining life method, when major changes in depreciable utility plant composition occur and at intervals of not more than five years; shall revise the depreciation rate in conformance with such reviews; and, upon completion of each review, shall submit promptly to this Commission the results thereof.

7. Prior to the date service is first furnished to the public under the authority granted herein, applicant shall apply to the appropriate public health authority having jurisdiction for a water supply permit for the proposed system and submit written notice thereof to this Commission.

8. The certificate granted by paragraph 1 of this order will be canceled and vacated if there is any conditional sale contract or any other security not authorized by this Commission outstanding as to any portion of the water system described in the foregoing opinion.

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

Dated at Los Angeles, California, this 30th day of SEPTEMBER, 1964.

Frederick B. Halaloff
President
John E. Mitchell
George T. Crowe
William W. Bennett
Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Sheet 1 of 3

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tract No. 407 and vicinity, located near Visalia, Tulare County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cu.ft. or less	\$ 3.50
Next 2,000 cu.ft., per 100 cu.ft.20
Next 2,000 cu.ft., per 100 cu.ft.18
Over 5,000 cu.ft., per 100 cu.ft.15

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 3.50
For 3/4-inch meter	4.50
For 1-inch meter	6.75
For 1 1/2-inch meter	12.00
For 2-inch meter	17.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

APPENDIX A
Sheet 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. 407 and vicinity, located near Visalia, Tulare County.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit, including premises not exceeding 9,000 sq.ft. in area	\$4.50
For each 100 sq.ft. of premises in excess of 9,000 sq.ft.03

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification shall be furnished only on a metered basis.
3. For service covered by the above classification, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.

APPENDIX A
Sheet 3 of 3

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. 407 and vicinity, located near Visalia, Tulare County.

RATE

	<u>Per Month</u>
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. Relocation of any hydrant shall be at the expense of the party requesting relocation.
3. 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 ownership, type and the size of hydrant and the specific location at which each is to be installed.
4. 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.