

Decision No. 69012

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of FULTON UTILITY WATER COMPANY,)
a corporation, for a Certificate)
of Public Convenience and Necessity)
to construct and operate a public)
utility water system; to establish)
rates; and to issue stock.)

Application No. 46881
(Filed August 10, 1964)

Verner R. Muth, for applicant.
Charles M. Giovanetti, for Larkfield
Water Company, protestant.
David K. Wong and Sidney J. Webb, for
the Commission staff.

O P I N I O N

A public hearing was held on this application at Santa Rosa on November 13, 1964, before Examiner Power, and the matter was submitted.

Applicant seeks a certificate authorizing the construction and operation of a domestic water service in the unincorporated community of Fulton, Sonoma County. Fulton is an old, small, and very compact community on the Northwestern Pacific Railroad. It is just southwesterly of U.S. Highway 101 freeway. Applicant also seeks to establish rates and to issue stock.

Fulton is about five miles from downtown Santa Rosa. The shortest distance between the corporate boundary line of that city and the intersection of Fulton Road and River Road in Fulton was estimated by a witness to be 2-1/4 miles.

Northeast of the highway and about 3/4 mile northeast of Fulton is a developed area called Larkfield. This area is served by protestant Larkfield Water Company (Larkfield), whose president,

witness Berry, estimated that he had 400 services, of which 300 were active.^{1/}

Larkfield filed a tariff service area map effective December 26, 1962 and subsequent maps to include a strip of land, a portion of which is within the area requested by applicant.

The Sonoma County Flood Control and Water Conservation District has Ranney Units installed in the sands under the Russian River near Forestville. Water caught by the Ranney Units is transported to Santa Rosa by an aqueduct which runs through Fulton. There is a turnout to allow users to tap into this supply near River Road.

Larkfield is in need of more water for standby use and further expansion. It proposes to build a pipeline 5300 feet in length under the freeway, thence down Barnes Road to River Road, and thence along River Road to the aqueduct turnout in Fulton.

Witness Berry, president of Larkfield, testified that this pipeline will be built regardless of the result of this proceeding.

The Santa Rosa aqueduct is also the source of supply proposed to be used by applicant. Since this water supply is already in use in Santa Rosa, its potability is already known to meet public health standards and is under periodic check.

Applicant's proposal contemplates installing approximately 230 feet of 10-inch, 1,800 feet of 8-inch and 900 feet of 6-inch class 150 asbestos cement pipe. Three fire hydrants are proposed. The design appears adequate for service in the proposed area and to comply with General Order No. 103, "Rules Governing Water Service Including Minimum Standards for Design and Construction."

^{1/} A recent filing by Pacific Gas & Electric Company's Electric Department indicated that it had 257 domestic and 57 commercial services in Larkfield.

There is no question that a water utility service is needed in Fulton. Exhibit 2 is a copy of a letter written to applicant's president by the Director of Sanitation in the Sonoma County Department of Public Health. He stated that contamination of individual wells, Fulton's present source of supply, is a major problem in that community. The most important issue is who should render this service.

Larkfield would like to extend its system to Fulton and therefore protested this application. Witness Berry was aware that the transmission line, as a backup facility, would have to be constructed from Larkfield's own funds. This facility is estimated to cost Larkfield about \$55,000 if 12-inch pipe is installed.

One group of potential consumers consisting of 20 residences, 7 commercial services, and one industry compose the built-up Fulton settlement. Berry testified that most of the cost of building a distribution system in this small area would be borne by Larkfield under a provision of its Rule and Regulation No. 15, which allows fifty feet of free line for each new service.

There is another group of 40 to 45 potential consumers whose properties are sufficiently distant or sufficiently scattered to require advances under Rule 15 for service from Larkfield. As to this last group the applicant's proposal would have a temporary advantage in that such advances would not be required of them.

In the long term these consumers, and in both the long and short term all other Larkfield and Fulton consumers, would derive greater benefits from the Larkfield service, which has reached the point where its operations are conducted through company employees rather than independent contractors.

Another factor weighing in favor of allowing Larkfield to service the area is the question of water supply. Larkfield's contract with the Sonoma County Flood Control and Water Conservation District is in evidence and contains the following clause:

"It is specifically understood and agreed by the parties hereto that District's obligations under this contract are subject to and limited by District's prior commitments to the City of Santa Rosa for water service ..."

Being based on prior commitments to the city, this limitation would undoubtedly be applied by the District to applicant. Furthermore, the District's Rule 6 in Section D provides in part that "... the District does not guarantee pressure or continuous supply. ..."

In view of these two contract provisions an alternate source of supply is essential.

Larkfield's presently developed wells will yield 240 and 400 gallons per minute, respectively. It also has a 174,000-gallon elevated tank and a 50,000-gallon tank. Thus Larkfield has at least a start on the alternate supply demanded by the District's rules.

In the past the peripheral areas of many of California's cities and towns have developed in a haphazard manner. In some places subdivisions have developed at such a distance from one another that numerous certificates have had to be issued. In some such situations there are enough customers to maintain a first class utility with professional water works personnel in charge and adequate funds for such additions and betterments as become necessary, but, due to the order in which subdivisions have been created, it has happened that the customers are divided among a number of small utilities which do not have adequate funds for a first class utility service. The situation just described is undesirable and the

Commission proposes to avoid it wherever that is possible. In view of the small number of consumers proposed to be served by applicant and in view of the fragmentation of a potentially unified service area which would result from the granting of the application, it would be contrary to the public interest to certificate applicant's proposed system.

Larkfield Water Company should be allowed to serve Fulton, and this application should be denied.

The Commission finds that:

1. Public convenience and necessity require the provision of public utility domestic water service in the community of Fulton, Sonoma County.

2. Larkfield Water Company is an established public utility water service with approximately 300 consumers and has filed a tariff service area map to include a small portion of the community of Fulton.

3. Larkfield Water Company is ready, willing, and able to serve all the community of Fulton.

4. Larkfield Water Company's presently filed rates are fair and reasonable for service in Fulton.

5. Larkfield Water Company's sources of water supply have been regularly checked by the public health authority having jurisdiction over Fulton.

6. Public convenience and necessity do not justify the construction or operation of the system proposed by applicant herein.

The Commission concludes that:

1. Larkfield Water Company should be permitted to serve the unincorporated community of Fulton, Sonoma County under the contiguous territory provisions of Section 1001 of the Public Utilities Code.

2. Larkfield Water Company should comply with its presently filed Rule and Regulation No. 15, including the provision allowing 50 feet of free line for each new service connected.

3. Application No. 46881 should be denied.

O R D E R

IT IS ORDERED that Application No. 46881 be, and it is, denied.

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

Dated at San Francisco, California, this 4th day of MAY, 1965.

Frederick B. Hallock
President

George L. Hoover

Augustus

Commissioners

Should grant the application. I paid out that the continuous highland growth, since on my farm is somewhat beyond our control and do not think it proper to deny consumers on these bases.

William L. Bennett

COMMISSIONER PETER E. MITCHELL DISSENTING:

I would grant a certificate of public convenience and necessity to the applicant based on the uncontroverted evidence that Fulton Utility Water Company is financially capable and is ready, willing and able to serve the area sought.

With reference to the Larkfield Water Company, the order is merely permissive and offers no assurance that Larkfield will serve all of the area sought or even the entire community of Fulton. Excerpting from the opinion portion of the decision: "There is another group of 40 to 45 potential consumers whose properties are sufficiently distant or sufficiently scattered to require advances under Rule 15 for service from Larkfield. As to this last group, the applicant's proposal would have a temporary advantage in that such advances would not be required of them." Forty to forty-five consumers approximate two-thirds of the present potential of the area. Why should they be denied the opportunity of receiving service without having to advance their personal funds?

Larkfield Water Company's annual report to the Commission indicates outstanding subdividers' advances were 47.6% of total capitalization as of December 31, 1963.

There is no showing in the record by Larkfield as to how the proposed new transmission line is to be financed. Because of that factor and the probable additional use of the extension rule in the area already served, it is not improbable that the ability to serve the entire area sought by the Fulton Utility Water Company may be impaired and perhaps prohibited because of the outstanding advances exceeding the 50% limitation as provided in Larkfield's filed Tariff Rule 15A.2., Main Extensions.


Peter E. Mitchell, Commissioner