

Decision No. 70081**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 FRANKLIN DELANEY, doing business as )  
 DELANEY WATER COMPANY, for a Certif- )  
 icate of Public Convenience and )  
 Necessity to Construct and Operate )  
 a water system in an area known as )  
 "Crawford Hill Subdivision," near )  
 Orleans, Humboldt County, and to )  
 establish rates. )

Application No. 47096  
 (Filed November 6, 1964)

O P I N I O N

Applicant requests a certificate to construct and operate a public utility water system in Crawford Hill Subdivision, an 11-acre, 24-lot, residential tract located about one and one-half miles southwest of Orleans, Humboldt County.

A Commission staff report, dated October 7, 1965, presents the results of a study of the application and of a field investigation of the properties made on June 25, 1964, about four months prior to the filing of the application in November, 1964. The report is hereby included in this record as Exhibit 1. Its preparation was unavoidably delayed pending information from applicant, received in a letter dated August 20, 1965, concerning reconstruction of certain transmission facilities originally installed by applicant in 1954 and construction of a new diversion work and distribution system, completed in March, 1965, made necessary by flood damage in the area in December, 1964.

The record discloses that applicant and his wife, who own the subdivision and about 30 acres of adjacent land capable of ultimate development into some 60 residential lots, propose to supply domestic water service to the 24-lot tract from facilities and at initial rates

described in the application and staff report. Installation costs of facilities to comply with General Order No. 103, operating losses, if any, during the development period, and any required additional capital funds will be met from applicant's own resources, which appear to be adequate for those purposes.

Proposed rates include an annual residential flat rate of \$48 per service connection and an annual general metered service schedule with a basic monthly minimum charge of \$3.75 for 800 cubic feet of water, or less. A public fire hydrant service rate is also offered at \$1 per month for each hydrant. Applicant proposes to serve all customers initially at flat rates. The proposed rates are substantially those set forth in Appendix A of the staff's report, with an upward adjustment, recommended by the staff, in the proposed annual minimum charge for 2-inch metered service.

The report notes that applicant sold four lots in the subdivision prior to filing the application. Three are improved and are presently served without charge. These arrangements, of course, cannot properly be continued after applicant's tariff schedules become effective.

Applicant has estimated a water supply requirement of 500 gallons per day per lot for the initial service area, which the staff considers to be reasonable; however, to meet minimum pressures specified in General Order No. 103, applicant plans to install a booster pump between the transmission line and the distribution system so that a tested production of 500 gpm will be available at all times under a minimum pressure of not less than 25 psi. No treatment or storage facilities are proposed for this system, which is designed to operate by gravity from the diversion on Crawford Creek, assisted by the distribution grid booster.

The following tabulation shows the actual cost of plant installed as of March 31, 1965, with minor adjustments and corrections by the staff, together with an estimate for the proposed booster plant, segregated according to the Commission's Uniform System of Accounts for Water Utilities, Class D:

<u>Account No.</u>	<u>Item</u>	<u>Total</u>
301	Intangible Plant	\$ 250
312	Source of Water Supply Plant	746
343	Transmission and Distribution Mains	9,628
345	Services	839
348	Hydrants	<u>280</u>
	Staff's Total Plant, March 31, 1965	\$11,743
	Estimated Booster Pumping Facilities to be Installed	<u>1,000</u>
	Total Plant	\$12,743

Applicant's and staff's estimated annual operating results, based on 24 flat rate services, are summarized below:

<u>Item</u>	<u>Applicant</u>	<u>Staff</u>
Revenues	\$1,152	\$ 1,152
Operating Expenses, Including Depreciation (a) and Taxes	918	959
Net Revenues	234	193
Rate Base	-	11,093
Rate of Return	2%	1.7%

(a) 3 percent of depreciable plant.

The above tabulation indicates that the rates requested by applicant would produce a reasonable rate of return for initial operation of the system.

As of the date of the staff report (October 7, 1965), applicant had filed applications for, but had not then received, a permit from the State Water Rights Board to divert water from Crawford Creek and a water supply permit from the Humboldt-Del Norte County

Department of Public Health. The county agency informed the Commission by letter, dated September 20, 1965 (Exhibit 1, p.2), that the following items were required for applicant's system before a permit would be granted:

- (a) A larger dike and brush clearance at the diversion point.
- (b) Storage tanks.
- (c) A pumphouse to house the booster pump and a chlorinator.

The staff has recommended that applicant comply with the above requirements to the satisfaction of the county health agency. Any additions to plant resulting from such compliance would, of course, increase the total plant figure of \$12,743 and the rate base figure of \$11,093 shown in the tabulations above, as well as reduce the estimated rates of return for the assumed year of full operation.

We find, on this record, that:

1. Public convenience and necessity require, and will require, the construction and operation of a public utility water system by Franklin Delaney, including but not limited to appurtenant diversion, transmission, storage, pumping, treatment, distribution, service and fire hydrant facilities, for service to and within Crawford Hill Subdivision, near Orleans, Humboldt County, California, as said service area is described in Exhibit A and depicted on the map, Exhibit B, attached to the application herein.

2. The rates set forth in the schedules attached hereto as Appendix A are reasonable for the proposed service.

3. The conclusions and recommendations of the staff, contained in paragraphs 23, 24 and 25 of its report, Exhibit 1 herein, are reasonable. Said conclusions and recommendations are that:

- (a) Applicant can serve the proposed 24-lot subdivision directly from the existing transmission main with the aid of a booster pump (Par.23).
- (b) Applicant should comply with the requirements for a water supply permit to the satisfaction of the Humboldt-Del Norte County Department of Public Health (Par. 24).
- (c) If the authority requested is granted, the ordering paragraphs contained in Attachment A to Exhibit 1 should be included in the decision rendered herein (Par. 25).

We conclude that the application should be granted in substantial accordance with the foregoing recommendations and with the provisions of the ensuing order.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to applicant, Franklin Delaney, authorizing him to construct and operate a public utility water system to serve the area known as Crawford Hill Subdivision, as delineated on the map, Exhibit B, attached to the application herein.

2. Applicant is authorized to file, after the effective date of this order, the schedules of rates set forth in Appendix A attached to this order, tariff service area maps clearly indicating the boundaries of the certificated area, appropriate general rules, and copies of printed forms to be used in dealing with customers. Such filing shall comply with General Order No. 96-A and the tariff schedules shall become effective on the fourth day after the date of filing.

3. 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, applicant shall install a booster pump to maintain a normal operating pressure of not less than 25 psi at the service connection. Within thirty days after such facility is installed, applicant shall file a written report with this Commission, showing the details of the manner in which the requirement of this paragraph has been accomplished.

5. Prior to the date service is first furnished to the public under the authority granted herein, applicant shall comply with the requirements for a water supply permit to the satisfaction of the Humboldt-Del Norte County Department of Public Health, and shall submit written notice thereof to this Commission.

6. Within ten days after service is first furnished to the public under the authority granted herein, applicant shall file in this proceeding written notice thereof to this Commission.

7. Applicant shall prepare and keep current the system map required by paragraph 1.10.a. of General Order No. 103. Within sixty days after the water system is placed in operation under the authority granted herein, applicant shall file with the Commission two copies of such map.

8. For the year 1965, applicant shall apply a depreciation rate of 3.0 percent to the original cost of depreciable plant. Until review indicates otherwise, applicant shall continue to use this rate. Applicant shall review his depreciation rates at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the remainder by the estimated

remaining life of plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

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

Dated at San Francisco, California, this 14th day of DECEMBER, 1965.

Frederick B. Hallock  
President

Walter E. Mitchell

George T. Hoover

William La Bine

Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The area known as Crawford Hill Subdivision and vicinity, located approximately 1½ miles southwest of Orleans, Humboldt County.

RATES

Monthly Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	800 cu.ft. or less .....	\$ 3.75
Next	1,200 cu.ft., per 100 cu.ft. ....	.40
Next	3,000 cu.ft., per 100 cu.ft. ....	.30
Over	5,000 cu.ft., per 100 cu.ft. ....	.20

Annual Minimum Charge:		<u>Per Meter</u> <u>Per Year</u>
For	5/8 x 3/4-inch meter .....	\$ 45.00
For	3/4-inch meter .....	66.00
For	1-inch meter .....	108.00
For	1½-inch meter .....	180.00
For	2-inch meter .....	260.00

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one-twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated minimum

(Continued)

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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ( $1/365$ ) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

The area known as Crawford Hill Subdivision and vicinity, located approximately 1½ miles southwest of Orleans, Humboldt County.

RATE

	<u>Per Service Connection</u> <u>Per Year</u>
For a single-family residential unit, including premises .....	\$48.00

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 classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
4. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

(Continued)

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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

5. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty fifth ( $1/365$ ) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

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 Crawford Hill Subdivision and vicinity, located approximately 1½ miles southwest of Orleans, Humboldt County.

RATE

	<u>Per Month</u>
For each hydrant .....	\$1.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1A, Annual 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 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.