

Decision No. 70114**ORIGINAL**

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

Application of Alonzo Wayne Dunn and  
 Billie J. Dunn, husband and wife, as  
 owners (East Porterville Water Company)  
 for a certificate of public convenience  
 and necessity to operate a public utility  
 system (water) in and adjacent to the  
 area of the proposed East Porterville  
 Estates Development, in Tulare County;  
 and to establish rates for the service  
 of water therefrom.

Application No. 47503  
 (Filed April 19, 1965)

O P I N I O N

Applicants Alonzo Wayne Dunn and Billie J. Dunn, husband and wife, owners of East Porterville Water Company, seek a certificate to provide domestic water service in an area one-half mile east of the City of Porterville. Although the application has not been amended the proposal underwent many modifications in the course of a lengthy correspondence between applicants' consulting engineer and members of the Commission staff. The staff report is hereby made a part of the record as Exhibit No. 1. An agreement transmitted by Fred A. Strauss to the Commission on September 29, 1965 and signed by Loren H. Schmid and Barbara Schmid will be included in the record as Exhibit No. 2.

The area is located in Sections 31 and 32, Township 21 South, Range 28 East, Mt. Diablo Base and Meridian. It includes 18 lots of Tract No. 420 and 8 lots just east of these.

The City of Porterville and four mutual water companies serve within one-half mile of this tract. None of these entities are willing to serve these lots.

Applicants annexed to their application a financial statement. It shows a net worth in six figures. It appears that most of the worth of applicants is represented by real estate.

The system is installed in part and is serving ten customers. It consists of one well, 8 inches in diameter and 294 feet deep. It has had a 72-hour test, showing production of 63 gpm. The well is equipped with a pump of 65 gpm capacity and is connected to a 3,000-gallon pressure tank. A 40,000-gallon storage tank and a booster pump of 100 gpm capacity are planned to be installed. The staff recommended that a second booster pump of 100 gpm capacity be installed when the number of customers reaches 12 if service is to be furnished at flat rates. The installed distribution piping includes 2,680 feet of 6-inch and 260 feet of 4-inch class 150 asbestos cement pipe. Service lines to two lots are one and one-half inch polyvinyl chloride plastic pipe which branch to two one-inch services. Single service lines are one-inch.

The staff had a criticism with respect to this plant. The criticism grew out of the fact that the lines are buried only 24 inches in some places. Although this is not the best practice, applicants' engineer had two justifications. First, hard pan close to the surface makes deeper trenching impossible in portions of the tracts. Second, the lines are located two and one-half feet from the lot lines and are not subject to vehicular pressure except at intersections and driveways.

Some portions of these facilities were installed by Loren H. and Barbara Schmid. Applicants will purchase these for one dollar. The remaining cost of \$2,764.48 will be recorded as a contribution.

Applicant proposed flat rates of \$4.50 per month per service and a minimum metered rate of \$3.75. The staff suggests reducing the rate blocks from five to four and slight increases in the minimum for meters larger than the 5/8 x 3/4-inch size. With these suggestions accepted, the rate proposal becomes more in keeping with other utilities in the area and will be authorized by the Commission.

Applicants are well aware that it will be several years before an adequate return on their investment will be realized. Exhibit D to the application indicates that they have the financial resources to sustain the operation during these early unremunerative years.

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 operate the proposed system.
3. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.
4. Applicants' water supply and distribution facilities will provide reasonable service for the proposed certificated area and substantially meet the requirements of General Order No. 103 provided paragraph 5 of the order following is complied with.
5. Applicants have not yet procured a permit from the public health authority having jurisdiction.

The Commission concludes that the application should be granted as provided by the following order.

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 future proceedings for the purpose of determining just and reasonable rates.

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.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Alonzo Wayne Dunn and Billie J. Dunn authorizing them to construct and operate a public utility water system to serve Lots Nos. 5 through 22 of Tract No. 420, Tulare County, and Lots Nos. 1 through 8 in the Schmid development east of Tract No. 420 shown on revised Exhibit A of the application.
2. Applicants are authorized to file, after the effective date of this order, the schedules of rates set forth in Appendix A to this order, a tariff service area map 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. 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. When the number of customers reaches twelve, applicants shall install an additional booster pump of not less than 100 gpm capacity, or in lieu thereof install customer meters and provide service at meter rates. Within ten days of the installation of the booster pump or customer meters, applicants shall file a written report with this Commission, indicating the date of installation and the number of customers then served.

6. Prior to the date service is first furnished to the public under the authority herein granted, applicants shall apply to the appropriate public health authority having jurisdiction for a water supply permit for the water system. A copy of the application shall be filed with the Commission within ten days thereafter.

7. Applicants shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within thirty days after the water system is placed in operation under the authority granted herein, applicants shall file with the Commission two copies of the map.

8. For the year 1965, applicants shall apply a depreciation rate of 3.0 percent to the original cost of depreciable plant. Until review indicates otherwise, applicants shall continue to use this rate. Applicants shall review their 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 result 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 9<sup>th</sup> day of DECEMBER, 1965.

Frederick B. Holbrook  
President

Robert E. Mitchell

George T. Grover

Augustus

William M. Bennett  
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

East Porterville Estates Development, and vicinity, located approximately one-half mile east of Porterville, Tulare County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less .....	\$ 3.75
Next 4,000 cu.ft., per 100 cu.ft. ....	.19
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 .....	\$ 3.75
For 3/4-inch meter .....	4.80
For 1-inch meter .....	7.00
For 1 1/2-inch meter .....	12.50
For 2-inch meter .....	17.50

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

East Porterville Estates Development, and vicinity, located approximately one-half mile east of Porterville, Tulare County.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit, including premises not exceeding 12,000 square feet in area .....	\$4.50
For each 100 square feet of premises in excess of 12,000 square feet ...	.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 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. 1, General Metered Service.