

ORIGINAL

Decision No. 71065

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
AEMAD MUHAMMAD RASHID, JAMES N.
WILSON and E. MYRRL WEST, individ-
ually and doing business as Westgate
Water Company, a joint venture, for
a certificate of public convenience
and necessity authorizing applicant
to furnish public utility water
service in a certain portion of
Sutter County, California.

Application No. 48117
(Filed December 13, 1965)

William T. Sweigert, for applicants.
Joyce J. Knutson, Jose T. Rego, Mrs. Pat Heape,
for themselves, interested parties.
W. B. Stradley, for the Commission staff.

O P I N I O N

Ahmad Muhammad Rashid, James N. Wilson and E. Myrrl West, doing business as Westgate Water Company, seek a certificate of public convenience and necessity authorizing them to construct and operate a public utility water system and establish rates therefor in an area near Yuba City, Sutter County.

A duly noticed public hearing was held in the matter before Examiner Jarvis at Yuba City on June 9, 1966. The matter was submitted subject to the filing of a late-filed exhibit, which was filed on June 21, 1966.

Applicants seek authority to serve subdivisions, near Yuba City, known as Palora Park No. 2, Rancho Cortez Unit 1, Rancho Cortez Unit 2 and certain undeveloped area in the vicinity. Portions of the system have been constructed for some time and applicants have been furnishing free water to the customers thereof. The water distribution system in Rancho Cortez Unit 2 was constructed between the time the application was filed and the public

hearing. Palora Park No. 2 contains 32 duplexes, Rancho Cortez Unit 1 contains single-family residences as will Rancho Cortez Unit 2. Applicants served approximately 45 customers at the time the application was filed.

The record discloses that the source of supply for the water system here under consideration is a well located in one of the subdivisions. The well is 14 inches in diameter, approximately 200 feet deep and is equipped with a deep-well turbine pump directly connected to a 30 hp electric motor. The pump delivers approximately 300 gallons of water per minute into a 5,000-gallon hydropneumatic tank at pressures ranging between 40 and 60 psi. Applicants have a water supply permit from the appropriate public health authority for the well.

At the hearing, two of the interested parties expressed concern as to whether there would be adequate system pressure when all the houses in Rancho Cortez Unit 2 were completed and began using water from the system. The record indicates that the total number of water users in the three subdivisions is expected to be 106. One of the applicants, who is a civil engineer, testified that the system would supply water at adequate pressure to 106 customers. A Commission staff engineer testified that applicants' system for the three subdivisions met the minimum requirements of the Commission's General Order No. 103, including those dealing with water supply and pressure. The staff engineer, however, recommended that when the number of applicants' customers reaches 85, or within three years, whichever occurs first, applicants should install a standby source of water to insure adequate service at all times. The Commission is of the opinion that applicants' water system

meets the minimum requirements of General Order No. 103 and that the staff recommendation concerning an additional source of water supply should be adopted.

Applicants originally proposed a schedule of rates which, in part, provided monthly flat rates of \$8.50 for each single-family residence, \$13 for each duplex and \$1 for a swimming pool equipped with a recirculating filter. These proposed rates need not be further detailed because, at the hearing, applicants indicated that they had no objection to a lower schedule of rates proposed by the staff in Exhibit 1. A staff engineer testified that the proposed rates were comparable to those charged by similar water utilities in the area. The proposed rates, in part, provide for a monthly flat rate of \$6.00 for each single-family dwelling, \$9 for each duplex and \$1 for each swimming pool. The Commission is of the opinion that the rates proposed by the staff are reasonable and should be adopted.

The water system facilities in Palora Park No. 2 were constructed in 1962 by persons other than applicants. Applicants acquired these facilities for \$6,000, or less than their actual cost. The staff, in Exhibit 1, proposed to allocate the entire \$6,000 purchase price to the land acquired (the amount equalled the fair market value of the land), to adopt \$2,000 as the value of the portion of such land used for utility purposes, and to consider the depreciable plant facilities acquired as contributed plant. At the hearing, applicants indicated that they had no objection to this proposal and the ensuing order will so provide.

Two of the interested parties made sworn statements in which they raised three primary points: (1) concern over water pressure, (2) concern over whether the resident in each unit of

a duplex should be required to pay the same rate as a resident of a single-family dwelling and (3) concern over the taste and odor of the water presently being furnished.

The question of a potential decrease in water pressure, when service is furnished in Rancho Cortez Unit 2, has heretofore been discussed. As indicated, the expert testimony shows that the system, when fully developed, will have adequate pressure. Other complaints dealing with pressure relate to the fact that the duplexes in Palora Park No. 2 have single service connections with a T running to each unit. In this situation, water use in one unit of a duplex can affect the pressure in the other unit. This type of pressure problem is not caused by applicants' system.

The rates proposed by the staff provide for a monthly charge of \$6.00 for a single-family residence and \$9.00 for a duplex. Thus, the resident of each unit of a duplex might be allocated a monthly charge of \$4.50. The Commission is of the opinion that these rates are reasonable and, in the circumstances, provide an appropriate differential between the single-family residence and duplex rates.

As indicated, applicants have a water supply permit from the appropriate public health authority for the well which supplies water for the system. It appears that the problems of taste and odor, insofar as they do not relate to inherent qualities of the local water, are caused by the system's chlorinator, when there is a substantial change in water usage. These problems can and have been corrected by adjusting the chlorinator. They will become insignificant when more customers are served by the system and demand is more constant.

The staff also recommended that applicants be awarded a certificate only for the three subdivisions and not for the unimproved area requested. The staff, however, did not ask that further extensions under Public Utilities Code Section 1001 require prior Commission authorization.

No other points require discussion. The Commission makes the following findings and conclusions.

Findings of Fact

1. Applicants' proposed water supply and distribution facilities in Palora Park No. 2, Rancho Cortez Unit 1 and Rancho Cortez Unit 2 will provide reasonable service for those areas and meet the minimum requirements of General Order No. 103.

2. Applicants possess the financial resources to construct and operate the water system hereinafter certificated.

3. Public convenience and necessity require that the requested operating authority be granted as hereinafter provided.

4. The continued rendition of satisfactory service to applicants' customers requires that applicants provide a standby source of water supply when the number of applicants' customers reaches 85, or within three years, whichever is earlier.

5. The tabulation in paragraph 9 of Exhibit 1 accurately states the manner in which the items set forth therein should be reflected on applicants' books.

6. The rates set forth in Appendix A attached hereto are reasonable for the service to be rendered.

Conclusions of Law

1. The application should be granted as set forth in the ensuing order.

2. Applicants should be ordered to provide a standby source of water supply when the number of its customers reaches 85, or within three years, whichever is earlier.

3. Applicants should be ordered to reflect upon their books the figures contained in the tabulation in paragraph 9 of Exhibit 1.

The certificate of public convenience and necessity issued herein is 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 or to a political subdivision thereof 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 hereby granted to Ahmad Muhammad Rashid, James N. Wilson and E. Myrri West, doing business as Westgate Water Company, authorizing them to construct and operate a public utility water system in Sutter County to serve subdivisions known as Palora Park No. 2, Rancho Cortez Unit 1 and Rancho Cortez Unit 2. Palora Park No. 2 is more particularly described in the second and third pages of Exhibit A attached to the application and by this reference made a part hereof. Rancho Cortez Unit 1 and Rancho Cortez Unit 2 are more particularly described in Exhibit 2 in this proceeding and by this reference made a part hereof.

2. Applicants are authorized to file with this Commission, after the effective date of this order, the schedules of rates set

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

4. Applicants shall prepare and keep current the system map required by paragraph 1.10.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 this Commission two copies of such map.

5. For the year 1966 and thereafter, 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 the plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

6. Applicants shall set up formal books of accounts in accordance with the Uniform System of Accounts for Class D Water Utilities and enter therein the balances for the plant accounts, reserve for depreciation, contributions in aid of construction, and partners' equity capital as shown in the tabulation contained in paragraph 9 of Exhibit 1 in this proceeding. Within sixty days after the effective date of this order, applicants shall submit to the Commission a copy of the journal entry which shows compliance with this ordering paragraph.

7. Applicants shall establish a separate bank account for the public utility water system certificated herein, deposit all utility receipts therein and make all utility disbursements therefrom.

8. When the number of applicants' customers reaches 85 or within three years after the date service is first furnished to the public under the authority granted herein, whichever is earlier, applicants shall install a standby source of water to provide for the reasonable continuation of an adequate supply of potable water to customers in case of the failure of the initial single source of supply. Within thirty days after such standby facilities are installed, applicants shall file a written report showing the number of customers then served and the details of the manner in which the requirement of this paragraph has been accomplished.

The certificate herein granted and the authority to render service under the rates and rules herein authorized shall

expire if the tariff sheets provided for herein are not filed 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 2nd day of AUGUST, 1966.

John E. Fogarty President

George L. Grover

Frederick B. Hildreth

Augustor

William L. ... Commissioners

APPENDIX A
Page 1 of 3

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The subdivisions known as Palora Park and Rancho Cortez, and vicinity, located approximately 3/4 miles west of Yuba City, Sutter County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 700 cu.ft. or less	\$ 4.50
Next 2,300 cu.ft., per 100 cu.ft.30
Over 3,000 cu.ft., per 100 cu.ft.20
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 4.50
For 3/4-inch meter	5.75
For 1-inch meter	8.00
For 1½-inch meter	13.00
For 2-inch meter	18.00

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

APPENDIX A
Page 2 of 3

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The subdivisions known as Palora Park and Rancho Cortez, and vicinity, located approximately 3/4 miles west of Yuba City, Sutter County.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit, including premises not exceeding 13,000 sq.ft. in area	\$6.00
a. For each additional single-family residential unit on the same premises and served from the same service connection	3.00
b. For each 100 sq.ft. of premises in excess of 13,000 sq.ft.03
c. For each swimming pool	1.00

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. 1, General Metered Service.

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 subdivisions known as Palora Park and Rancho Cortez, and vicinity, located approximately 3/4 miles west of Yuba City, Sutter County.

RATE

Per Month

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.