

Decision No. 71261**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Ross H. Boyd and Jean P. Boyd, Husband and Wife, as co-owners (LINDA 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 Linda Vista Ranchos, Tract 450, in Tulare County; and to establish rates for the service of water therefrom.

Application No. 48461  
(Filed May 9, 1966)

O P I N I O N

Applicants seek a certificate for domestic water service in Linda Vista Ranchos, Tulare County. This tract is located in the NE/2 of Section 16, Township 21 South, Range 27 East, Mt. Diablo Base and Meridian and is about 3 1/2 miles northwest of the center of the City of Porterville. A report dated July 28, 1966 made by a staff engineer and based upon a study of the application and a field investigation will be included in the record as Exhibit No. 1.

Mr. Boyd is a building contractor with an office in Porterville where applicants reside. Applicants are the owners and developers of the subdivision for which they request a certificate. They do not now own or operate a public utility water system in California. Headquarters of the utility will be Mr. Boyd's contracting office. The office is staffed with secretarial and bookkeeping personnel qualified to handle the customer billings and collections. Mr. Boyd will oversee the system and be available for any emergencies that may arise.

The area for which a certificate is requested is shown in Exhibit A attached to the application. The area to be served includes approximately 31 acres subdivided into 27 residential lots of about 1 acre each. The land is level and varies from 403 to 405 feet above sea level. Applicants also own 110 acres of adjacent land they plan sometime in the future to subdivide into 43 lots of more than 2 acres each.

The City of Porterville furnishes water service about one and one-half miles southeasterly of the subdivision but generally restricts service to the area within the city limits. Two water systems are in the vicinity of Linda Vista Ranchos Development: Beverly-Grand Mutual Water Company, approximately three-fourths of a mile southeast, and Grand View Gardens Water Company, approximately one mile southeast. The latter is a public utility under this Commission's regulatory jurisdiction.

Applicants mailed a copy of their application to the County Board of Supervisors, to the Porterville City Clerk and to the above two water companies.

The source of supply for the water system is to be a 12-inch diameter well approximately 300 feet in depth. Applicant's engineer estimates that such a well should produce 400 gpm or more with a drawdown of less than 40 feet. An additional well is to be drilled and equipped when necessary to insure adequate supplies for the future extension into applicants' contiguous land. The initial well and pressure tank are to be located in the southeast corner of lot 10 of the subdivision. The well will be tested for production capability on the basis of 72 hours of continuous pumping. The pump installed in the initial well will be selected to produce against a discharge head of 65 psig, the tested capability,

or 500 gallons gpm, whichever is less. Water from the well is to be discharged directly into a 5,000-gallon capacity hydropneumatic tank. The tank will be equipped with two perforated baffles as a sand trap. A pressure switch at the tank will be set to maintain water pressures at all services between 40 and 65 psig.

No chlorination or filter facilities are proposed, and none is expected to be needed.

Applicants' engineer informed the staff at the time of the field investigation that water supply facilities will not be constructed until a certificate has been granted.

Applicants propose to make application with the Tulare County Health Department for a water supply permit.

The distribution system will consist of about 470 feet of 8-inch and about 2,190 feet of 6-inch class 100 asbestos-cement pipe. Trenches for the pipes will be three to four feet in depth. Each of two dead ends in the system is to be provided with a two-inch blow off. Twelve service pipes will be 2 inches in diameter each branching to a pair of 1½-inch services and 3 will be individual 1½-inch services. Three 2½-inch fire hydrants are to be connected to the distribution system.

The proposed supply and distribution facilities meet the requirements of this Commission's General Order No. 103, Rules Governing Water Service Including Minimum Standards for Design and Construction.

Details of estimated utility plant costs totaling \$22,780 are shown in Exhibit E attached to the application. Applicants' estimate of \$6,345 for 27 service pipes and meters and 3 hydrants appears to be about \$2,000 high. The total of \$22,780 for 27 services amounts to \$845 plant investment per service connection. This rather high figure may be attributed to the large size of the lots.

Applicants plan to finance the proposed water system from their personal funds. They understand that extensions to serve future units must be made in accordance with the Commission's uniform water main extension rule.

Applicants have requested meter rates based on bimonthly billing of customers. The staff recommended rates are on a monthly basis with revised minimum charges for meters larger than 5/8 x 3/4 inch to better reflect differences in the cost of service.

Because fire hydrants will be installed the staff recommends that applicants file a schedule of rates for public fire hydrant service as shown in Appendix A hereto.

Exhibit D attached to the application shows an estimate of revenues, expenses and net revenue based on 80 per cent occupancy. It appears that the net return will not exceed a reasonable rate of return.

Applicants are aware that revenues initially may not cover the expenses of the operation. Exhibit E attached to the application indicates that they have adequate resources to absorb operating losses during the developmental period. Applicants anticipate that later development will improve the financial aspects of the operation.

The certificate will be granted to applicants as co-owners. They may operate under whatever fictitious name they select. At the time of the application their intent was to use the name, "Linda Water Company."

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.
5. Applicant has 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.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Ross H. Boyd and Jean P. Boyd, authorizing them to construct and operate a public utility water system to serve an area known as the Linda Vista Ranchos, Tulare County Tract No. 450, as delineated on the map, Exhibit B, attached to the application herein.
2. After the effective date of this order applicants are authorized to file the schedule 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. The filing shall comply with General Order No. 96-A and 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, applicants shall obtain a water supply permit from the Tulare County Department of Public Health and so advise this Commission in writing.
5. Applicants shall prepare and keep current the system map required by paragraph I.10a, 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 such map.

6. For the year 1966 applicants shall apply a depreciation rate of three per cent 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.

7. When substantially all of the distribution main has been installed in Tract No. 450 and not later than one year after the first customer is served under the authority granted herein, applicants shall have a qualified engineer prepare a statement certifying that all class 100 asbestos-cement water pipe installed as part of the water system was selected and installed in accordance with the standards contained in American Water Works Association publications AWWA H2, Standard Practice for the Selection of Asbestos-Cement Water Pipe, and AWWA C603-64T, Tentative AWWA Standard for the Installation of Asbestos-Cement Water Pipe. A copy of the statement shall be filed in this proceeding within thirty days after its preparation.

8. 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.

9. When the number of customers reaches twenty, or within three years after the date service is first furnished to the public under the authority granted herein, whichever is earlier, applicants shall have installed a standby source of water to provide for the reasonable continuation of an adequate supply of potable water to consumers 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 effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 13<sup>th</sup> day of SEPTEMBER, 1966.

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President  
*George J. Grover*

Frederick B. Holoboff

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*William D. ...*

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*Augusta*  
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.



Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Linda Vista Ranchos, Tulare County Tract 450, and vicinity, located approximately 3½ miles northwest of Porterville.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:		
First	800 cu.ft. or less .....	\$4.25
Next	1,200 cu.ft. per 100 cu.ft. ....	.25
Next	3,000 cu.ft. per 100 cu.ft. ....	.20
Over	5,000 cu.ft. per 100 cu.ft. ....	.15

Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$4.25
For	3/4-inch meter .....	5.35
For	1-inch meter .....	7.50
For	1½-inch meter .....	12.50
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.

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 Linda Vista Ranchos, Tulare County Tract 450, and vicinity, located approximately 3 1/2 miles northwest of Porterville.

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.