

**ORIGINAL**Decision No. 72943

## 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), )  
 known as Tract 109 Mutual Water )  
 Company in Tract 109, Tulare County, )  
 and adjacent territory, and to )  
 establish rates for the service of )  
 water therefrom; and for relief )  
 from Ordering Paragraph number 5 )  
 of Decision 70346.

Application No. 49219  
 (Filed March 20, 1967)

O P I N I O N

A. W. Dunn and Billie J. Dunn, his wife, (Dunns), doing business as East Porterville Water Company, filed this application for a certificate of public convenience and necessity, for authority to acquire the assets of Tract No. 109 Mutual Water Company for \$100, and for modification of ordering paragraph 5 of Decision No. 70114 (erroneously referred to as Decision No. 70346) which requires that, when the number of customers in the Tract 420 area reaches twelve, certain facilities be installed. A study prepared by an engineer and an accountant of the Commission's staff, dated July 3, 1967, will be incorporated in the record as Exhibit No. 1.

Dunns have two water certificates at present. Decision No. 70114 in Application No. 47503 authorized service to 26 lots in Tract 420 and the Schmid Tract. Eleven of these lots were being served at the time of the field investigation. Decision No. 70346 in Application No. 48128 authorized acquisition of a certificate theretofore granted to Deane and W. W. Prestidge. The first of these areas will be referred to as Tract 420 and the second as the Prestidge area.

Tract 420 is about one-half mile east of the limits of the City of Porterville. Prestidge area is approximately one mile southeast of Tract 420. Tract 109 is about 1/4 mile south of Tract 420 and 3/4 mile west of Prestidge. Applicants propose to interconnect Tract 420 and Tract 109.

The number of customers being served at the time of the field investigation amounted to 11 in Tract 420, 24 in Tract 109 and 89 in the Prestidge area. Elevations vary from 490 to 505 feet above sea level.

Dunns have a well in Tract 420 and will acquire one in Tract 109. The two wells will produce 250 gpm. The staff concluded that this supply will be adequate for 35 customers but no more. Dunns are anxious to serve the remaining fifteen lots in Tract 420. Therefore, the staff recommended that the order herein be made effective only when a storage tank and booster pump are added. This appears to be desirable and it will be required.

Dunns' records have been maintained generally in accordance with Commission practice but there have been deviations. The staff study included a tabulation setting forth the utility plant account balances of all three units consolidated as of December 31, 1966.

Utility Plant, Depreciation Reserve, and Contributions in Aid of Construction

December 31, 1966

Item	Initial	Prestidge	Total	Tract 109	Total
	Water System	Water System Acquisition	System Acquisition	Acquisition	System Acquisition
	(1)	(2)	(3)	(4)	(5)
Intangible Plant	\$ 537	\$ -	\$ 537	\$ -	\$ 537
Land	425	1,676	2,101	100	2,201
Wells	2,467	3,150	5,617	4,043	9,660
Pumping Equipment	2,462	5,152	7,614	2,654	10,268
Reservoirs and Tanks	1,092	1,497	2,589	1,257	3,846
Water Mains	8,867	18,758	27,625	2,395	30,020
Services	351	450	801	-	801
Hydrants	49	218	267	-	267
Structures	-	215	215	536	751
Gross Utility Plant	\$16,250 <sup>a</sup>	\$31,116	\$47,366	\$10,985	\$58,351
Depreciation Reserve	(879)	(3,114)	(4,323)	(5,551)	(9,874)
Net Utility Plant	\$15,371	\$27,672	\$43,043	\$5,434	\$48,477
Contributions in Aid of Construction	\$ 2,113	\$ 2,020	\$ 4,133	\$ 5,334	\$ 9,467

(Red Figure)

- a. Depreciation reserve was determined by the staff based on the use of a 3% composite rate applied to depreciable plant facilities beginning with the date these facilities were placed into service.

Dunns' rates include their authorized rates in Tract 420 and the former Prestidge rates adopted at the time of the acquisition by applicants. Applicants propose to extend the Tract 420 rates to both Prestidge area and Tract 109, thus simplifying their tariff. In Prestidge this will produce a reduction of \$88 per year for the whole tract. In Tract 109 the saving will be about 80 cents per customer per month, or \$230 per year for the tract. In view of the very small reductions and the absence of increases, this simplification is not objectionable.

The sought certificate will be granted. The relief from ordering paragraph No. 5 of Decision No. 70114 will be granted by supplemental order when paragraphs Nos. 8 and 12 of the following orders have been complied with.

The Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. The proposed acquisition would not be adverse to the public interest.
3. Applicants possess the financial resources to operate the proposed expanded system.
4. The rates presently set forth in applicants' tariff Schedules Nos. 1 and 2R, Cal. P.U.C. Sheets Nos. 1-W and 2-W, are fair and reasonable for the service to be rendered in all three tracts involved herein.
5. Applicants' water supply and distribution facilities will provide reasonable service for present customers only in Tracts 109, 420 and the Schmid Tract and will not substantially meet the requirements of General Order No. 103 if any customers are added.
6. The authorization herein granted shall not be construed as a finding of the value of the properties herein authorized to be acquired.

A public hearing is not necessary.

The Commission concludes that:

1. The sought certificate should be granted and the sought transfer authorized subject to the terms and conditions imposed by the following order.

2. This authorization should be made effective only after installation of a 40,000-gallon storage tank and associated 100 gpm booster pump or facilities of greater capacity are placed in operation.

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, doing business as East Porterville Water Company, authorizing them to construct and operate a public utility water system to serve Tract 109, Tulare County.

2. Alonzo Wayne Dunn and Billie J. Dunn are authorized to carry out the terms of the purchase agreement, Exhibit C-1 to the application.

3. Within five days after the date of actual transfer, applicants shall file in this proceeding a written statement showing the date of transfer. A true copy of the instrument of transfer shall be attached to the statement.

4. After the effective date of this order, applicants are authorized to cancel tariff Sheet No. 64-W, Schedule No. 1 (Prestidge System) General Metered Service, and tariff Sheet No. 65-W, Schedule No. 2R (Prestidge System) Residential Flat Rate Service, and to refile

tariff Schedules Nos. 1 and 2R, Cal. P.U.C. Sheets Nos. 1-W and 2-W, to make them applicable to all water systems. Applicants are authorized to file, after effective date of this order, revised tariff service area maps clearly indicating the boundaries of all service areas including the territory certificated herein. The filing shall comply with General Order No. 96-A and the revised tariff sheets shall become effective on the fourth day after the date of filing.

5. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

6. 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.

7. 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 for an amendment to their water supply permit to include the water system in Tract 109. A copy of the application shall be filed with the Commission within ten days thereafter.

8. Within one year of the date of acquisition authorized herein, applicants shall interconnect the water system serving Tract 109 with the water system serving the Tract 420 area. Within ten days after the interconnection of the two water systems, applicants shall file a written report with this Commission, indicating the completion date of the interconnection and the date it was placed in operation.

9. Upon completion of the interconnecting water main, 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 Installation of Asbestos-Cement Water Pipe. A copy of the statement shall be filed in this proceeding within thirty days after its preparation.

10. Applicants shall prepare and keep current the system map of the water system in Tract 109 and interconnecting main, required by Paragraph I.10.a of General Order No. 103. Within sixty days after the interconnecting main is placed in operation under the authority granted herein, applicants shall file with the Commission two copies of the map.

11. Applicants shall adjust their books of account to reflect the utility plant account balances, related reserve for depreciation, and contributions in aid of construction determined by the staff as of December 31, 1966, as shown in Column 5 of the tabulation in Paragraph 9 titled, "Utility Plant, Depreciation Reserve, and Contributions in Aid of Construction" of Exhibit No. 1.

12. The effective date of this decision shall be established by supplemental order upon a showing by letter that the 40,000-gallon storage tank and associated 100 gpm booster pump, or facilities of greater capacity, have been installed, connected and placed in operation in the Tract 420 area in accordance with Revised Exhibit A attached to Application No. 47503.

13. Ordering paragraph No. 5 of Decision No. 70114 shall be revoked by supplemental order after compliance with the above ordering paragraphs Nos. 8 and 12.

Dated at San Francisco, California, this 29th day of AUGUST, 1967.

*John J. ...*  
President  
*William ...*  
*...*  
*William ...*  
*...*  
Commissioners