

Decision No. 23162

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of  
R. E. Strosnider, for a Certificate  
of Public Convenience and Necessity  
authorizing him to operate a dis-  
tribution system for the purpose of  
distributing water to the residents  
of Tahoe Cedars Tract and Tahoe  
Cedars Addition and for permission  
to extend said distribution system.

Application No. 23162

Thomas Maul, for Applicant.

CRAEMER, COMMISSIONER:

O P I N I O N

In this proceeding R. E. Strosnider asks the Railroad Commission for a certificate of public convenience and necessity to operate a public utility for the purpose of furnishing water for domestic, commercial and other uses to the inhabitants of certain subdivisions located southeasterly of McKinney Creek along the shore of Lake Tahoe in El Dorado and Placer Counties, California. The Commission also is asked to establish a schedule of rates for the service to be rendered.

A public hearing in this matter was held at Tahoma.

About 1934 Mr. Strosnider acquired ownership of certain property in Tahoe Cedars Tract and Tahoe Cedars Addition in El Dorado County, and at the same time he came into possession of the water distribution system which had been installed to supply water in the said subdivisions. Applicant now furnishes water not only to the inhabitants of Tahoe Cedars Tract and Tahoe Cedars Addition, but also

to occupants of certain other property located between these tracts and Lake Tahoe, in Placer County, including a subdivided area known as Pomina Park. Mr. Strosnider also is engaged, among other things, in the business of selling lots at this location and of operating a resort called Tahoe Cedars Lodge. Applicant further desires to supply water to adjacent properties along the State Highway, No. 89.

The water supply is obtained from Lake Tahoe. A turbine pump driven by a 10 H.P. electric motor delivers the water through a 4-inch transmission pipeline into an 8,000-gallon storage tank located at an elevation about 190 feet above the normal lake level. The pump is automatically controlled by means of a float switch at the tank. The transmission and distribution systems consist of over seven miles of mains, ranging from  $1\frac{1}{2}$  to 4 inches in diameter. The distribution mains were installed in 1930 to serve over 900 lots and although many lots have been sold, there are at present but 35 houses built within the subdivision. It is apparent therefore that this entire service area is still in its initial stages of growth and that it will be several years at least before full development may reasonably be expected. The utility now furnishes water to four vacation resorts and to six private homes located in Pomina Park. There are now about 34 active services, all of which are unmetered except two of the resorts.

Mr. Strosnider heretofore has charged the majority of his customers flat rate of \$12 per season, with somewhat higher rates up to \$25 per season for a few customers having more extensive premises. During 1939 he charged his two metered consumers a straight rate of forty cents per thousand gallons (30 cents per 100 cubic feet) for all water used. The following rates are proposed in the application:

"Sixteen Dollars (\$16.00) per house per season for each 6500 gallons or any lesser number of gallons used between the 15th day of any given month

and the 15th day of the next succeeding month or any fraction thereof, and thirty cents per thousand gallons or any fraction thereof over the 6500 gallons between the 15th day of any given month and the 15th day of the next succeeding month or any fraction thereof."

The several properties are occupied by summer residents only and for this reason the above proposed rates are on a seasonal rather than a monthly basis. Applicant has fixed as the summer season the period between May 15th and October 15th of each year, but would like however to have the option to serve earlier or later than said dates in order to take care of future changes in type of demand such as may arise through the increased popularity of winter sports. Although applicant has proposed a schedule of meter rates, he testified that he does not contemplate the installation of any more meters than may be necessary to check the possible careless use or unnecessary waste of water or in cases of special classes of demand including consumers requiring large volume deliveries.

At the hearing a report was presented by E. R. Foster, one of the Commission's hydraulic engineers, showing an appraisal of the properties on the basis of the estimated original cost at \$20,586 as of June 1, 1940, and the corresponding depreciation annuity computed by the sinking fund method of 5%, as \$508.

The report also contains an estimate of the reasonable maintenance and operation expenses for the immediate future amounting to \$375 per year, exclusive of depreciation. The annual revenues during the next few years, based on the proposed rates were estimated to average about \$800.

Mr. Strosnider testified that until the area is more completely built up, he does not expect rates to be established which will produce a fair net return on the investment.

The schedule of rates proposed by applicant in general are similar to those in effect on other systems operating under similar

circumstances. However, there appears to be a necessity to require certain modifications in order that the rates may conform with the standard practices of this Commission. The schedule of rates authorized in the following Order will include minor modifications of the proposed rates for the purpose of simplifying the determination of equitable charges to both flat-rate and measured-rate water users.

The consumers present at the hearing indicated their satisfaction with the service being rendered and no protest was made against the approval of applicant's request, except to the extent that one large commercial user urged as a matter of policy that the rates should be fixed as low as possible in order to encourage new developments in this area, particularly additional summer home owners.

From the evidence submitted it appears that applicant is financially able to make additions and improvements as needed, that in the operation of said system applicant will compete with no person, firm or corporation in serving this area with water, and that it is for the best interests of this community that a certificate of public convenience and necessity be granted. Applicant testified to the effect that he does not intend to extend service westerly along Highway No. 89 farther than the extended westerly boundary of Tahoe Cedars Tract and his certificated area will be defined accordingly.

#### O R D E R

Application as entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission being now fully advised in the premises,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation of a water system by R. A. Strosnider in Tahoe Cedar Tract and Tahoe

Cedars Additions and also in the area including Pomin Park which lies between said Tahoe Cedars subdivisions and Lake Tahoe, which territory is located in Sections 8 and 17, T. 14 N., R. 17 E., M. D. B. & M., in Placer and El Dorado Counties, as shown on the maps marked Exhibits No. 2 and No. 3 filed in this proceeding and which are hereby made a part of this Order by reference, and which territory is more particularly described as follows:

Beginning at the point where the westerly boundary of Section 8, T. 14 N., R. 17 E., M. D. B. & M., intersects the shore of Lake Tahoe, thence proceeding easterly and southeasterly along the shore of Lake Tahoe approximately 2100 feet to the N. E. Cor. of Lot 30, Pomin Park; thence southwesterly along the southeasterly boundary of said Lot 30 extended to the south side of Pine Street, a distance of 450 feet, more or less; thence westerly along the south side of Pine Street about 300 feet to the east boundary of Lot 1, Block 1, Tahoe Cedars Tract; thence southerly along the east boundary of Blocks 1, 6 and 11 of said Tract about 1300 feet to the north side of Hazel Street; thence easterly along the north side of Hazel Street about 650 feet to the east side of Harris Avenue; thence southerly along the east side of Harris Avenue about 650 feet to the north side of Short Street; thence easterly along the north side of Short Street about 650 feet to the east side of First Avenue; thence southerly along the east side of First Avenue about 2,000 feet to the south side of Cedar Street; thence westerly along the south side of Cedar Street about 2,550 feet to the westerly side of Tenth Avenue or the westerly boundary of Section 17, T. 14 N., R. 17 E., M. D. B. & M.; thence northerly along the westerly boundary of said Sections 17 and 8 approximately 4,700 feet to the point of beginning; the territory thus bounded comprising an area of 200 acres, more or less.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to R. E. Strosnider to operate a public utility for the sale and distribution of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that R. E. Strosnider be and he is hereby authorized and directed to file with this Commis-

sion, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water service rendered to his consumers subsequent to the 15th day of May, 1940, which schedule of rates is hereby found to be just and reasonable for the service to be rendered:

RATE SCHEDULE

FLAT RATES

Minimum seasonal charge, payable in advance, which entitles the consumer to water for the period from May 15th to October 15th:

For each residence..... \$16.00 ✓

METER RATES

Minimum seasonal charge, payable in advance, which entitles the consumer to 1,000 cubic feet of water each month for the period from May 15th to October 15th.....

\$16.00 ✓

When water used between the 15th day of any given month and the 15th day of the succeeding month is in excess of 1,000 cubic feet, the following quantity rates shall apply:

First 1,000 cubic feet included in seasonal charge.

Next 1,000 cubic feet, per 100 cubic feet.....	.25 ✓
Next 4,000 cubic feet, per 100 cubic feet.....	.20 ✓
Over 6,000 cubic feet, per 100 cubic feet.....	.15 ✓

A meter may be installed on any service at the option of either the consumer or the utility.

IT IS HEREBY FURTHER ORDERED that R. E. Strosnider be and he is hereby directed, as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission for its approval, quadruplicate sets of rules and regulations governing relations with his consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet approximately 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of the authorized service area; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.

2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn to an indicated scale of not less than 400 feet to the inch, upon which shall be delineated correctly by appropriate markings the various tracts of land in the territory for which the certificate is granted herein. This map should be reasonably accurate, show the source and date thereof, and sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service.
3. Within sixty (60) days from the date of this Order, to file with this Commission an affidavit to the effect that he will never claim before this Commission or any other public body an amount for the certificate of public convenience and necessity granted herein in excess of the actual cost of acquiring them.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 16<sup>th</sup> day of July, 1940.

James D. Adams  
Robert W. Stephens  
W. H. M. M.  
Justus J. Casper  
COMMISSIONERS.