

Decision No. 41133

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ERNEST E. HANSEN and NANCY HANSEN, his wife, for authority to increase rates, for a certificate of public convenience and necessity and for authority to extend operations.

ORIGINAL

Application No. 28725

Everett L. Clark and Ernest E. Hansen, for Applicants.

O P I N I O N

Ernest E. Hansen and Nancy Hansen, husband and wife, doing business as Meadowbrook Water Association, ask for authority to extend their service area and to establish a schedule of increased meter rates for domestic water service.

A public hearing on this application was held in San Bernardino before Examiner Daly.

Applicants presently furnish water service in Inspiration Park Subdivision No. 1944, in San Bernardino County, a tract of approximately 40 acres, comprising the easterly portion of the north half of the northwest quarter of Section 28, Township 2 North, Range 3 West, S.B.B. & M.

Decision No. 35108, dated March 10, 1942, granted applicants a certificate of public convenience and necessity covering this entire subdivision, but, because of doubtful adequacy of the water supply, limited its effectiveness by a provision that water service should be supplied "only to those lots and parcels heretofore served, together with lots and parcels for which application for water has been made on or before the date of the order herein, and to such other lots and parcels upon which buildings are actually under construction on the date of this order, unless and until otherwise ordered by this Commission." Decision No. 38149, dated August 14, 1945, modified this provision "to permit and authorize" applicants "to provide water service to not in excess of fifteen new consumers, unless and until otherwise ordered by this Commission."

Applicants now wish to extend their service area to include the entire north half of the northwest quarter of said Section 28 and accordingly request a certificate for the portion thereof lying west of Tract No. 1944, and containing 43 acres, more or less. This uncertificated area is owned by applicants and includes two subdivisions designated as Meadowbrook Woods Nos. 3044 and 3224 and a small acreage unsubdivided. Applicants also request that the Commission remove all limitations as to the number of customers to be served in Tract No. 1944.

The major portion of the water supply is obtained from two dug wells and a spring located within the service area. Some additional water is impounded in an underground reservoir of unknown capacity formed by a subsurface concrete dam built across a gulch. Well No. 1 is 12 feet by 18 feet by 12 feet deep, with concrete sides and open bottom, and is constructed to provide storage for 11,000 gallons of water. Well No. 2 is 6 feet by 7 feet by 30 feet deep, also built with concrete sides and open bottom, and has a 10,000-gallon storage capacity. The spring was developed by drilling into a hillside and collecting the water through two-inch galvanized iron weeper pipes. This water discharges into the underground storage reservoir. During the period of peak demand last summer, the spring provided 5,000 gallons of water per day and Well No. 2, 14,000 gallons per day. The capacity of Well No. 1 is not known.

Pumping Plant No. 1, located at Well No. 1, has a Fairbanks-Morse electrical pumping unit with a capacity of 1,350 gallons per hour, discharging directly into the distribution system. Storage is provided by a 14,000-gallon wood stave tank, located on a nearby hill at sufficient elevation to provide reasonable water pressure to the highest lot in the service area.

The distribution system consists of 11,700 feet of standard screw galvanized iron pipe, ranging from one to two and one-half inches in diameter. The pipelines are all constructed in easements provided for that purpose. Should the occasion require, permits for extensions of mains may be obtained from the County of San Bernardino upon application therefor. At the end of the year 1946, a total of 57 customers were being served with domestic water.

Mr. James F. Wilson, one of the Commission's engineers, presented a report which included a detailed appraisal of the fixed capital of the water system which, as of December 1, 1947, totaled \$19,195 with the annual depreciation computed by the 5 per cent sinking fund method amounting to \$203.36.

Applicants propose to install the following improvements to the water system, in order to supply the additional area requested to be certificated:

Distribution mains	\$8,000
20,000-gallon storage tank	1,300
Services and meters	2,800
Engineering and contingencies . .	<u>2,000</u>
Total	\$14,100

The annual meter rates now in effect were established by the Commission in Decision No. 35108, dated March 10, 1942. The minimum charges range from \$18 per year for a 5/8 x 3/4-inch meter, to \$36 for a 2-inch meter. The quantity charges range from \$0.50 per 100 cubic feet for the first 3,600 cubic feet to \$0.20 per 100 cubic feet for all water consumed over 5,000 cubic feet per annum. During each year this rate has been in effect, the utility's operating expenses have exceeded its revenues.

Applicants desire to increase the annual minimum charge for a 5/8 x 3/4-inch meter to \$24 per year, with corresponding increases for larger meter installations. The proposed rate will provide 4,000 cubic feet of water for the \$24 minimum charge, and increase slightly the quantity of water under the second block of the rate schedule.

From the evidence presented the following tabulation shows the results of operation for the year 1946:

Operating revenues	\$ 982.35
Operating expenses	<u>1,386.48*</u>
Net Operating Revenues	<u>(\$404.13)**</u>

Rate Base:

Fixed Capital	\$19,195
Working Capital	300
Materials and Supplies	<u>500</u>
Undepreciated rate base	\$19,995.00
Rate of Return	-

Notes: (*) - Includes depreciation calculated on 5 per cent sinking fund basis.

(**) - (Red Figures)

The evidence also shows that the estimated increase under the proposed rate schedule, based upon 1946 operations, would have been \$333, which amount is not sufficient to offset the operating deficit shown above. New business, however, should increase collections and possibly attain this result.

From the foregoing it is evident that the requested increase in rates should be authorized, that the limitation as to future customers in Tract No. 1944 should be removed, and that a certificate of public convenience and necessity covering the uncertificated portion of applicants' land described above should be granted.

The certificate of public convenience and necessity granted herein is subject to the following provisions of law:

"That 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

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

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require, and will require, the construction and operation of a public utility water system by Ernest E. Hansen and Nancy Hansen, husband and wife, in that portion of the north half of the northwest quarter of Section 28, Township 2 North, Range 3 West, S.B.B. & M., lying west of Tract No. 1944 and containing 43 acres, more or less, in San Bernardino County, as shown on a map designated as Exhibit 3, which is hereby made a part of this Order by reference.

IT IS HEREBY FOUND AS A FACT that the limitations on the number of consumers permitted to be served in Tract No. 1944, as imposed by Decision No. 35108 and Decision No. 38149, are no longer necessary nor required and therefore should be removed, and

IT IS HEREBY FURTHER FOUND AS A FACT that the rates now charged by Ernest E. Hansen and Nancy Hansen for water supplied to the customers in Meadowbrook Woods, San Bernardino County, are unjust and unreasonable in so far as they differ from the rates herein established; that the rates herein established are just and reasonable rates to be charged for the service to be rendered; that the increase in rates authorized by this decision is hereby found to be justified; and, basing its Order upon the foregoing findings of fact and upon further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it is hereby granted to Ernest E. Hansen and Nancy Hansen to construct, maintain and operate a public utility water system for the production, distribution and sale of water for household purposes within the territory hereinabove described.

2. That the limitation on the number of consumers permitted to be served by this utility, as imposed by Decision No. 35108 and as modified and amended by Decision No. 38149, be and hereby is cancelled.
3. That Ernest E. Hansen and Nancy Hansen be and they are hereby authorized and directed to file in quadruplicate with this Commission, within thirty (30) days after the date of this Order, the following schedule of rates to be charged for all water service rendered to their customers on and after the first day of February, 1948:

Schedule No. 1

ANNUAL METER RATES

Applicability:

Applicable to all water service rendered for household residential purposes only.

Territory:

In the unincorporated area located approximately two miles south of Lake Arrowhead, San Bernardino County, and comprising the entire north half of the northwest quarter of Section 28, Township 2 North, Range 3 West, S.B.B. & M.

Rates:

<u>Annual Minimum Charges:</u>	<u>Per Meter Per Year</u>
For 5/8 x 3/4-inch meter	\$24.00
For 3/4-inch meter	28.00
For 1-inch meter	32.00
For 1 1/2-inch meter	36.00
For 2-inch meter	42.00

Annual Quantity Rates:

First 4,000 cubic feet or less	\$24.00
Next 2,000 cubic feet, per 100 cubic feet30
Over 6,000 cubic feet, per 100 cubic feet20

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

Special Conditions:

1. The annual minimum charge per meter for each year, January 1 to December 31, shall be due and payable on or before January 10 of that year and shall become delinquent February 1.
2. Meters will be read on or about the last day of March, June, September, and December, and within ten (10) days thereafter each customer having used water in excess of that quantity which his annual minimum charge will purchase, will be rendered a statement, payable upon presentation, which will show the meter readings and the charges due at the annual rates.

4. That Ernest E. Hansen and Nancy Hansen, within sixty (60) days after the date of this Order, shall file four copies of a suitable map or sketch of their entire utility area of service, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereon in distinctive markings the boundaries of their service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such map or sketch shall not be considered as a final or conclusive determination or establishment of the dedicated area of service.

5. That Ernest E. Hansen and Nancy Hansen, within sixty (60) days after the date of this Order, shall file four copies of a comprehensive map of the entire area of service, drawn to an indicated scale of not less than 400 feet to the inch, delineating correctly thereon by appropriate markings the various tracts of land in the territory served. Such map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service; provided, however, that such filing shall not be construed as a final determination or establishment, in whole or in part, of the dedicated area of service.

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

Dated at San Francisco, California, this 19th day of January, 1948.

R. T. Dunning
Justice J. Garner
Ina H. Kayell
Harold H. Hale
Conrad J. Patten
 Commissioners.