

Decision No. 42127**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 RAYMOND A. LURING, for a certificate
 of Public convenience and necessity
 to operate a water system and to
 establish rates for water service at
 Luring Pines, an unincorporated
 resort area in the San Bernardino
 Mountains, San Bernardino County,
 California.

Application No. 29457

Mr. Everett L. Clark, for applicant.

O P I N I O N

Applicant, Raymond A. Luring, engaged in the business of furnishing water service under the fictitious name of Luring Pines Water Company in a resort area located in the San Bernardino Mountains asks this Commission to make its order,

1. Granting applicant a certificate of public convenience and necessity authorizing him to construct, operate and maintain a water system in the area described.
2. Authorizing applicant to establish as initial rates the proposed schedule as set forth in the application.

A public hearing was held at San Bernardino at which time evidence was adduced and the matters submitted.

Raymond A. Luring originally acquired all land comprising, and the water system facilities now serving, Tract No. 2276, Running Springs Park Unit No. 2, and Tract No. 2553. He has operated the water system and furnished water service to residents of said tract since 1932. A financial statement of the Luring Development Company, which includes both the land and water operation, is attached to the application as Exhibit "E."

The area proposed to be served totals approximately 160 acres, and consists of Tracts Nos. 2276, 2553, 2919, and 3339, and a 19-acre unsubdivided parcel contiguous to Tract No. 2919 and more particularly shown on applicant's Exhibit No. 3.

The principal source of water is two springs owned by applicant, the Chicago Springs located on Lot 28 in the northern portion of Tract No. 2553, and Luring Pines Springs located on Lots 26 and 27, Tract No. 2919. Water is also obtained from City Creek Springs owned by Dade Davis, and located south of Tract No. 2276. Applicant's witness testified that some difficulty had been experienced in the past in maintaining a sufficient supply of water during peak demands. This situation was corrected with the completion of the concrete reservoirs at Chicago and Luring Springs. From the evidence it appears that there is ample water supply for the existing 113 customers and reasonable growth in the two tracts now being served. There is some question as to the adequacy of the supply for the additional tracts and the 19-acre parcel.

The distribution system consists of approximately 16,220 feet of distribution mains ranging in size from 3-1/2 inches to three-quarter inch. The principal water storage is provided by a concrete reservoir located at Chicago Springs and having a capacity of 123,500 gallons, and a reinforced concrete block reservoir located at Luring Springs and having a capacity of 200,000 gallons. These reservoirs which are both built over the springs, are a combination of spring houses, pumping plant houses, as well as storage reservoirs. Testimony indicated that neither of these reservoirs have ever been completely filled. There are also two corrugated iron tanks located on Lot 31, Block 5, Tract 2553. Tank No. 1 has a capacity of 80,000 gallons, and Tank No. 2, 15,000 gallons.

Applicant's estimate of the historical cost of the water utility properties is \$65,095, and is detailed by accounts in Exhibit No. 7. The testimony indicated that the data used in the preparation of capital costs were in some instances in error, and that many of the unit costs were not developed on the basis of the actual installation but upon the experience of another water company at locations not necessarily comparable. No finding is made in this proceeding as to the historical cost of the properties used in rendering water service in the proposed area.

Applicant testified that separate books had not been kept on the water system operations, and that his records included land development, road maintenance, and water service charges. No information, therefore, was presented in evidence to show the actual revenues and expenses of water utility operations.

Applicant's witness estimated operating revenues for 1948 based on the proposed rates at \$2,968, and operating expenses at \$5,437. According to this estimate net revenue from operations would show a loss of \$2,469. These estimates are not supported by facts and cannot be accepted as a basis for establishment of rates.

The evidence showed that in 1932 a flat rate of \$5 per year was made for service. In 1938 a meter rate was made effective, which provided for a \$9 per year minimum charge. In 1940 this minimum was raised to \$12, and on June 1, 1948 to \$18. From the evidence it appears that these charges involved other items such as road maintenance, in addition to water service.

Applicant has proposed a metered rate with an annual minimum of \$24. The first 4,000 cubic feet is included in the minimum, the next 2,000 cubic feet is at 30 cents per 100 cubic feet, and all in excess of 6,000 cubic feet at 20 cents. Since a recent increase in rates was made by applicant, the annual minimum being changed from \$12 to \$18 on June 1, 1948, and since there is insufficient information to show the actual results of operations, the

proposed rates will be rejected and the schedule as contained in the Order herein will be authorized, which rates are comparable to the rates in effect in other utilities rendering similar service.

A review of the record in this proceeding clearly shows that a certificate of public convenience and necessity should be granted the applicant to serve the customers now attached to the water system. There was not, however, any data presented showing the production of the three springs now in service; thus a determination could not be made as to the adequacy of the water supply. The applicant expressed the hope that water could be purchased from the mutual water system serving Running Springs, but no evidence of any proposed agreement was offered. The conclusion is inevitable that the scanty evidence presented does not warrant the granting of authorization to serve the entire area applied for herein. Authorization will be limited to service to not in excess of 225 customers in Tracts Nos. 2276 and 2553. Modification of the Order in this respect may be made hereafter in the event applicant makes proper showing before the Commission that an adequate supply of water has been obtained to serve additional customers.

The Commission, having considered the request for a certificate of public convenience and necessity, is of the opinion that authorization should be granted, as provided in the Order herein, subject to the following provision 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 above entitled having been filed, a public hearing having been held thereon, the matter having been submitted, the Commission being fully advised in the premises, and hereby finding that public convenience and necessity so require, and that the public interest will be served,

IT IS ORDERED:

1. That a certificate of public convenience and necessity be and it hereby is granted to Raymond A. Luring to operate a public utility water system for the distribution and sale of water to a total number of customers not to exceed 225 in Tracts Nos. 2276 and 2553, located in the San Bernardino Mountains, San Bernardino County, and as more particularly set forth in applicant's Exhibit No. 3.
2. Applicant's request for a certificate of public convenience and necessity to serve water in Tracts Nos. 2919 and 3339 and a 19-acre unsubdivided parcel contiguous to Tract No. 3339 is denied. Upon a sufficient showing by applicant of an ample water supply for the additional tracts requested, a modification of this Order may be made.
3. Raymond A. Luring is authorized to file on or after the effective date of this Order a schedule of rates as set forth in Exhibit A attached hereto, such schedule to be applicable to and charged for all water service rendered on and after December 1, 1948.
4. That Raymond A. Luring, within sixty (60) days from the effective date of this Order, shall file with this Commission four sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8-1/2 x 11 inches in size, delineating thereupon in distinctive marking the boundaries of his present service area, and the location thereof with reference to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.
5. That Raymond A. Luring, within sixty (60) days from the effective date of this Order, shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than six hundred (600) feet to the inch, upon which shall be delineated by appropriate markings the territory presently to be served. This map should be reasonably accurate, show

the source and date thereof and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

The effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 11th
day of October, 1948.

R. Z. Johnson
Justin F. Casper
Harold P. Hills
Benjamin P. Potter
Commissioners.

Luring Pines Water Company

EXHIBIT A

Schedule No. 1

ANNUAL METERED RATES

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Entire area of service in the San Bernardino Mountains, in Tracts Nos. 2276 and 2553, San Bernardino County; as shown on the map elsewhere included in the Tariff Schedules of the company.

RATES

	<u>Per Meter</u> <u>Per Year</u>
Annual Minimum Charges	
For 5/8 x 3/4-inch meter.....	\$18.00
For 1-inch meter.....	36.00
For 1 1/2-inch meter.....	48.00
For 2-inch meter.....	60.00
Annual Quantity Rates	
First 3,000 cubic feet or less.....	\$18.00
Next 2,000 cubic feet, per 100 cubic feet.....	.50
Over 5,000 cubic feet, per 100 cubic feet.....	.30

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, June 1 to May 31, shall be due and payable on or before June 10, and shall become delinquent July 1 of that year.
2. A separate meter and service connection is required for each single family residence, commercial or retail establishment regardless of the customer's single ownership or control of the premises served or to be served.
3. Meters will be read on or about the last day of August, November, February and May, and within ten (10) days following each such meter reading, 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.