

ORIGINAL

Decision No. 44237

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

ALFRED RAY MAEDE, an individual, DBA "ANDERSON SPRINGS" for a Certificate of Public Convenience and Necessity Permitting the Establishment of Applicant as a Public Utility Water Company, in Anderson Springs, a subdivision of the County of Lake, Lying Approximately Five Miles West of Middletown.

Application No. 30997

Alfred Ray Maede, for Applicant.

O P I N I O N

Alfred Ray Maede, doing business as "Anderson Springs," asks the Commission for a certificate of public convenience and necessity to operate a domestic water system in certain subdivided tracts and lands adjacent thereto, located approximately 5 miles from Middletown, in Lake County. The Commission also is asked to establish flat and metered rates for the service rendered.

A public hearing in this proceeding was held at Anderson Springs before Examiner MacKall on May 3, 1950.

Alfred Ray Maede owns approximately 517 acres of land, including the resort properties of Anderson Springs. Two parcels of these lands, embracing 55 acres, more or less, have been subdivided and recorded as Anderson Springs Subdivision Tract No. 1 and Anderson Springs Annex Subdivision Tract No. 1. Certain other lands adjacent to these tracts have been sold in small parcels. It is the intention of the owner to sell additional properties adjoining or adjacent to these areas as long as the demand therefor exists.

At the present time, water service is being supplied to 85 summer residents and several people who reside permanently in the area. Applicant has requested the establishment of a schedule of meter rates based upon a minimum seasonal charge of \$18, giving an allowance of 400 cubic feet of water each month, charges in excess of the monthly minimum allowance ranging from 40 cents per 100 cubic feet to 15 cents per 100 cubic feet for all water over 5,000 cubic feet. The monthly minimum charge of \$1.75 is requested for permanent consumers. A corresponding flat rate is requested pending the full metering of the system.

Applicant commenced construction of this water system in 1936 and in 1947 a distribution system was installed to serve Anderson Springs Annex Tract No. 1. There are now installed 27,412 feet of mains, varying in size from 3 $\frac{1}{2}$ -inch O.D. to $\frac{3}{4}$ of an inch in diameter. An 18,000-gallon concrete reservoir, constructed in 1939, stores water from Gunning Creek. Three 5,000-gallon steel tanks, installed in 1949, furnish additional storage for the system. There is also one 5,000-gallon redwood tank in service and an additional 5,000-gallon steel tank on hand but not as yet erected.

Mr. Maede has acquired from McKinley Brothers, a corporation, the right to use two miner's inches continuous flow of water from Anderson Creek and its tributaries, and the right to use the amount of water which will flow through a two-inch pipe from Hansen Creek, together with the right to use the waters from all springs, whether mineral or not, located on Anderson Springs property. Certain of this water at present is diverted from Gunning Creek, a branch of Anderson Creek. The evidence indicates that there is ample water available to supply all present needs for the existing consumers and an adequate supply also is available for future service area development.

Mr. Maede testified that he has invested approximately \$13,200 in the water system and facilities, and that it will cost \$3,000 additional for the complete installation of meters for the system. He has no segregated records of revenues or expenses for the water system, same being combined with his general resort operations. Certain revenues for water service have been derived, however, from a portion of a \$25 per year payment made by most of the residents to the Anderson Springs Improvement Association. A member of the association formerly was entitled, among other things, to family use of the swimming pool, mineral springs baths, water service to his home, general road maintenance, and garbage disposal. In reorganization of the scope of the local association activities, water service hereafter will not be included, but will be furnished separately by applicant through his public utility system.

A report was submitted by John D. Reader, one of the Commission's engineers, in which he concluded the \$13,200 estimate presented by applicant as the reasonable historical cost of the properties was reasonable. The witness, however, testified that this sum did not include costs of reservoir and tank sites, rights of way and water rights. The Commission's engineer estimated that under the rate proposed by applicant, the total revenues for 1950 would be \$1,800, including charges for water service rendered to applicant's resort properties and that normal cost of operation under economical management should be somewhat less than the estimated revenues.

Applicant has obtained a license, dated December 5, 1949, from the Board of Supervisors of the County of Lake permitting him to lay water lines across any and all county roads, subject to the provision that he restore such roads to their original condition after the laying of said water pipes. No franchise or further county requirements are necessary for the operation and maintenance of the water system at this time. Easements have been reserved by applicant for

pipe lines and water mains on properties sold. In one instance, acquisition of an easement is still under negotiation.

During the course of the hearing in this proceeding, Mr. Maede testified that the map, marked Exhibit B, attached to the application herein, does not accurately portray the location of the subdivisions and pipe lines supplying the territory. He submitted in evidence a revised map, marked Exhibit No. 1, upon which map certain relocations of the subdivisions and pipe lines were made by John A. Mitchell, a registered civil engineer. However, the evidence shows that this revised map is somewhat confusing due to failure to eliminate certain of the improperly located boundaries and pipe lines. By stipulation it was agreed by applicant that the Commission's engineer be authorized to retrace the revised map to eliminate the duplicating delineations thereon.

The major portion of the utility's service area lies in the south half of Section 25, Township 11 North, Range 3 West, and the southwesterly quarter of Section 30, Township 11 North, Range 7 West, M.D.B. & M. The two subdivisions, Anderson Springs Subdivision Tract No. 1 and Anderson Springs Annex Tract No. 1, are not contiguous. Certain of the residents now being supplied with water are located outside of the boundaries of these two subdivided tracts. It is the intention of the applicant to supply water to purchasers of lots or parcels of land lying within the area located between these two subdivisions, as well as in certain areas adjacent to the subdivisions, all lying within boundaries as outlined on the map marked Exhibit No. 1, and more particularly described by metes and bounds in Exhibit No. 2, filed in this proceeding.

Some misunderstanding has arisen over the status of the Anderson Springs Improvement Association and the payment of future water bills under public utility operation. Heretofore, payment of dues to the association and membership therein included water service.

Mr. Maede explained that the increased costs of operating the water system and the necessity of installing meters, new mains, and other facilities to meet the demand of present and new consumers has required and will continue to require considerable expenditure of money for operation, and repairs. He personally has financed the entire water system installation and as the revenue received through the association to cover water operations has been entirely inadequate, it is necessary to adopt the new policy of public utility operation. Hereafter no charges will be made by the association for water deliveries.

Complaint was made that certain of the distribution lines are installed above ground, resulting in warm water in the summer and frozen pipes in winter. Mr. C. J. Foard, in particular, protested against the water main crossing his premises being left on the surface of the ground. Applicant agreed to bury this pipe immediately, and will be expected to take steps without delay to provide all exposed distribution mains with sufficient protection to prevent heating of the water in the lines during the summer and freezing in the winter.

There were no further serious complaints and no protests against the request for a certificate. It appears, therefore, that the certificate of public convenience and necessity should be granted.

The rates proposed by applicant, although somewhat lower than the general average of rates charged for similar service in neighboring resort areas, appear to be reasonable for the service rendered under present circumstances. The rate structure, however, should be designed to cover more equitably the service furnished for permanent and seasonal demand. Provisions for permanent and seasonal usage will therefore be made in the schedules of rates authorized in the following order.

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 or to a political subdivision thereof as the consideration for the grant of such certificate of public convenience and necessity or right.

O R D E R

The above-entitled application having been considered, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the construction and operation of a public utility water system by Alfred Ray Maede in Lake County, in the area set forth in a map marked Exhibit No. 1, and more particularly described in Exhibit No. 2 filed in this proceeding, which exhibits are hereby made a part of this order by reference, therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted Alfred Ray Maede to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File in quadruplicate, in conformity with this Commission's General Order No. 96, within thirty (30) days from and after the effective date of this order, the schedules of rates set forth in Exhibit A attached to this order, together with rules and regulations and tariff service area maps, upon sheets 8½ x 11 inches in size, acceptable to this Commission, and, after not less than five (5) days' notice to the Commission and the public to make said rates, rules and regulations effective for service rendered on and after July 1, 1950.

2. File within sixty (60) days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale of approximately 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of the various properties of applicant.

The authorization herein granted will lapse if not exercised within one (1) year from the date hereof.

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

Dated at San Francisco, California, this 26th day of

MAY, 1950

R. E. Indurman
James J. Calver
Robert L. Farrell
Harold H. Hill
Kenneth Patten
Commissioners.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to consumers who reside permanently in the service area and who have so resided for a period of twelve (12) consecutive months.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M. D. B. and M. in Lake County.

RATES

Per Meter
Per Month

Minimum Charges:

For 5/8 x 3/4-inch meter.....	\$1.75
For 3/4-inch meter.....	2.15
For 1-inch meter.....	3.35

Quantity Charges:

First 400 cubic feet included in minimum charges	
Next 600 cubic feet, per 100 cubic feet.....	\$0.40
Next 1,000 cubic feet, per 100 cubic feet.....	0.30
Next 3,000 cubic feet, per 100 cubic feet.....	0.20
Over 5,000 cubic feet, per 100 cubic feet.....	0.15

The Monthly Minimum Charges will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the foregoing Monthly Quantity Charges.

SPECIAL CONDITIONS

A meter may be installed at the option of the company.

Schedule No. 2

SEASONAL METERED SERVICE

APPLICABILITY

Applicable to consumers not permanent residents of the service area who require water service primarily during the summer or vacation period.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M. D. B. and M. in Lake County.

RATES

Minimum seasonal charge entitling the customer to 400 cubic feet of water during each of the seven months April through October, with 3/4-inch service connection \$18.00

For service during additional months the regular monthly minimum meter and quantity charges shall apply.

For quantity use in excess of the monthly allowance of 400 cubic feet, the quantity charges shown in Schedule No. 1, General Metered Service, shall apply.

Excess charges may be billed monthly or periodically at the option of the water company.

SPECIAL CONDITIONS

A meter may be installed at the option of the company.

Schedule No. 3

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to consumers who reside permanently in the service area and who have so resided for a period of twelve (12) consecutive months.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M. D. B. and M. in Lake County.

RATES

Per Month

For 3/4-inch domestic service connection... \$2.00
For 1-inch commercial service connection. 4.00

Schedule No. 4

SEASONAL FLAT RATE SERVICE

APPLICABILITY

Applicable to consumers not permanent residents of the service area who require water service during the summer or vacation period only.

TERRITORY

In approximately 140 acres including Anderson Springs Subdivision Tract No. 1, Anderson Springs Annex Subdivision Tract No. 1 and adjacent and intervening territory in Sections 25 and 26 of T. 11 N., R. 8 W., and Section 30 of T. 11 N., R. 7 W., M. D. B. and M. in Lake County.

RATES

Seasonal flat rate charge for water service during each of the seven months April through October, three-quarter (3/4)-inch service connection..... \$20.00