

Decision No. 47885

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of COBB MOUNTAIN WATER COMPANY,)
owned by ARTHUR L. ANDERSON and)
GRACE G. ANDERSON, for a)
Certificate of Public Convenience)
and Necessity permitting the)
establishment of applicant as a)
Public Utility Water Company in)
the County of Lake, State of)
California.)

Application No. 33371

Arthur L. Anderson, for applicants;
George F. Tinkler, for the Commission staff.

O P I N I O N

Applicants, Arthur L. Anderson and Grace G. Anderson, doing business as Cobb Mountain Water Company, filed their application on April 30, 1952, for a certificate of public convenience and necessity to establish and operate a public utility water system in the proposed service area composed of the West half of Section 3, Township 11 North, Range 8 West, M.D.B.&M, near Cobb, Lake County, California, and for authority to establish rates to be charged for water service. Applicant proposes to develop a subdivision known as Gordon Springs Subdivision No. 1 in the Southeast quarter of the Southwest quarter of said Section 3 as shown on the map attached to the application herein. The Cobb Valley School is also located within the West half of said Section 3 and the remainder of the West half of said Section 3 belongs to applicants.

A public hearing in this proceeding was held before Examiner W. E. Cline at San Francisco on September 29, 1952.

Description of System

After residences are constructed upon the lots comprising Gordon Springs Subdivision No. 1 there will be 42 water consumers including the Cobb Valley School which is adjacent to this subdivision. At the present time the school is being furnished water by the Pine Grove Resort at no charge. Mr. Herb Egan, the owner of the resort, is desirous of discontinuing service because the resort has only enough water for its own needs. There are no public utility water systems in or near the area proposed to be served by applicants.

When further subdivisions are developed by applicants the number of water consumers will, of course, increase.

The system will obtain its water from a spring which is located 450 feet west of the Gordon Springs Subdivision No. 1. The spring produces an average summer flow of about 5 miner's inches of water.

Water from the spring will be diverted through a weir and flume about 8 or 10 feet long to a concrete sump which will hold approximately 10,000 gallons of water. The sump will be equipped with a 10 hp centrifugal pump capable of delivering 150 gallons per minute against a head of 184 feet. The water will be discharged from the pump directly into the distribution system. Two 12,400-gallon redwood stave reservoir tanks will also be connected to the distribution system and, by means of the elevation of the water level in the tanks, pressure on the system will be maintained between 40 and 60 psi. The reservoir site is located so that considerably more area than the initial subdivision can be served. The distribution system will include 1,290 feet of 4-inch steel main and 2,560 feet of steel mains varying in size from 2 inches to 1 inch in diameter.

The entire cost of the system, including overhead, is estimated at \$17,400.

Witness Arthur L. Anderson testified that the spring water has been approved for public consumption by the county authorities.

Applicants have obtained written permission from the County Engineer to lay the main across the county road and will make the necessary reservations in their deeds to enable them to lay the mains throughout the subdivision.

Proposed Rates

Applicants propose to serve water only on a measured basis and at the following rates:

<u>Service Connection Charge</u>	\$30.00
<u>Quantity Rates</u>	<u>Per Meter</u> <u>Per Month</u>
First 500 cu.ft., or less	\$1.50
Next 1,000 cu.ft., per 100 cu.ft.25
Next 3,500 cu.ft., per 100 cu.ft.20
Over 5,000 cu.ft., per 100 cu.ft.15

Minimum Charges

For 5/8 x 3/4-inch meter	\$1.50
For 3/4-inch meter	2.00
For 1-inch meter	4.00

Applicants did not submit estimates of revenues and expenses in connection with the operation of the system. On the basis of 42 customers the Commission staff engineer estimated an operating loss of \$100 over a period of one year. Applicants recognize that at the proposed rates the system will not produce a fair return on invested capital until the service area is further subdivided and built up.

The above rates, other than the service connection charge, are in conformity with those charged by other public utility water systems in the general territory. They are reasonable and should be authorized.

Although some publicly owned water utilities make a service connection charge, such charges are not authorized for privately owned water utilities. To permit applicants to include the cost of connection facilities in their rate base and also to be reimbursed for a part of such costs through a service connection charge would impose an unreasonable burden upon the consumers.

Financial Ability

The record shows that applicants have the requisite financial ability to inaugurate the proposed public utility water system.

Conclusion

The Commission has considered the request of applicants for a certificate of public convenience and necessity to establish and operate a public utility water system and is of the opinion that it should be granted. The rates for water service proposed by applicants, other than the service connection charge, should be authorized.

The certificate issued herein is 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

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 establishment and operation of a public utility water system by Arthur L. Anderson and Grace G. Anderson, his wife, in the area described as the West half of Section 3, Township 11 North, Range 8 West, M.D.B.&M., Lake County, California.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted Arthur L. Anderson and Grace G. Anderson, to establish and operate a public utility water system for the distribution and sale of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File with this Commission, within thirty (30) days after the effective date of this order, in conformance with the provisions of General Order No. 96, four (4) copies of the schedule of rates attached hereto as Exhibit A, together with four (4) copies of rules and regulations and service area map and, on not less than five (5) days' notice to the public and this Commission, make said rates, rules and regulations effective for all water service rendered on or after the 1st day of December, 1952.
2. File with this Commission, within forty (40) days after the effective date of this order, four (4) copies of a comprehensive map, drawn to an indicated scale of approximately 600 feet to the inch, delineating by appropriate markings the tract of land and the territory served and the location of the property of applicants.

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 29th day of November, 1952.

R. J. [Signature]
President.

Justino J. [Signature]

Harold P. [Signature]

[Signature]

[Signature]
Commissioners.

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all service.

TERRITORY

In an unincorporated area composed of the West half of Section 3, Township 11 North, Range 8 West, M. D. B. and M., near Cobb, Lake County, and as delineated on the map included in the tariff schedules.

RATES

Quantity Rates:	<u>Per Meter Per Month</u>
First 500 cu.ft., or less	\$1.50
Next 1,000 cu.ft., per 100 cu.ft.25
Next 3,500 cu.ft., per 100 cu.ft.20
Over 5,000 cu.ft., per 100 cu.ft.15

Minimum Charge:

For 5/8 x 3/4-inch meter	\$1.50
For 3/4-inch meter	2.00
For 1-inch meter	4.00

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.