

Decision No. 48803**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RALPH R. WESTFALL )  
 to operate a water system in )  
 Los Osos Highlands, County of )  
 San Luis Obispo; and to establish )  
 rates. )

Application No. 34229

Peter R. Andre, for applicant.  
Clyde F. Norris, for the Commission staff.

O P I N I O NNature of Proceeding

Ralph R. Westfall, by the above-entitled application filed April 9, 1953, requests a certificate of public convenience and necessity to operate a public utility water system in two subdivisions in San Luis Obispo County, situated approximately 10 miles northwest of the City of San Luis Obispo, and to have established a schedule of rates for such service.

Public Hearing

A public hearing was held before Examiner Silverhart in San Luis Obispo on May 26, 1953, during which no objection was raised to the granting of the certificate. The matter was submitted on June 12, 1953, upon receipt of late-filed exhibits.

Proposed Service Area and Water System

Applicant owns Lot 1, Block 17 of Los Osos Highlands #1, formerly known as Redfield Woods as surveyed by Busch and Beck in 1924. This subdivision comprises 70 acres and contains 435 lots, 346 of which have been sold. Applicant has acquired rights to install and maintain pipes and mains in the streets of such subdivision from the owners thereof.

By amendment, applicant seeks to include within the proposed service area a subdivision immediately adjoining Los Osos Highlands #1, comprising 34.7 acres containing 100 lots, none of which has been sold, and known as Los Osos Highlands #2. Applicant does not presently own such subdivision but stated he had entered into a contract for its purchase, pursuant to which title thereto will be conveyed to him in July 1953.

A gravel envelope well 220 feet deep and 8 inches in diameter is located on said Lot 1 in Block 17. The well is steel cased and equipped with a deep-well turbine pump directly connected to a 7½ hp electric motor and is capable of producing 135 gallons of water per minute. Water from the well is pumped directly into the distribution system with surplus being delivered into a 30,000-gallon capacity reinforced concrete block reservoir located at the well site. The distribution system consists of approximately 11,300 feet of 3-inch and 1,500 feet of 4-inch welded steel pipe. Applicant plans to drill an auxiliary well in Block 16 at a distance of 150 feet easterly of the present well.

The distribution service for Los Osos Highlands #2 will consist of 5,000 feet of 4-inch main extended from Los Osos Highlands #1. All dead-end laterals will be looped at every other street and joined by a 6-inch main to be located at the easterly border of Los Osos Highlands #2 subdivision. Lot 5, Block 4 of such subdivision will be reserved as a well site. Construction of a 50,000-gallon reservoir at a higher elevation near the present reservoir is contemplated in order to accommodate future users in Los Osos Highlands #2.

#### Financing

The cost of the existing system has been fully paid. The entire costs of extensions thereof and additions thereto will

be paid in cash. Applicant's financial statement, in evidence herein, indicates that he is in a position to do so.

Other Available Water Supply

It appears that there is no other public water supply available to serve the proposed area.

Proposed Rates

Applicant has proposed the following rates:

LOS OSOS HIGHLANDS #1

FLAT RATES

	<u>Per Month</u>
For one lot occupied by one residential unit .....	\$2.50
For each additional lot occupied in connection with one residential unit .....	.50
For each additional residential unit located on same lot .....	2.50

METER RATES

First 800 cubic feet .....	2.50
Next 1,200 cubic feet, per 100 cu. ft. ....	.15
Over 2,000 cubic feet, per 100 cu. ft. ....	.125

When general metered service has been instituted, applicant will install meters at no cost to consumers.

LOS OSOS HIGHLANDS #2

FLAT RATES

	<u>Per Month</u>
For one lot occupied by one residential unit .....	\$2.85 to 3.00
For each additional lot occupied in connection with one residential unit .....	.75
For each additional residential unit located on same lot .....	2.85

METER RATES

As set forth for Los Ocos Highlands #1.

Estimated Revenue and Expense

Applicant has furnished water at no cost to users in Los Ocos Highlands #1 since 1950. He presently is serving

63 consumers, derives no revenue therefrom and defrays the entire cost thereof.

Application of the proposed basic flat rate to such number of consumers would produce revenue in the amount of \$1,890.

Applicant contemplates providing service to 215 customers in Los Osos Highlands #1 when its development is completed. At such time the proposed basic flat rates would produce \$6,450 revenue annually.

Applicant estimated his costs predicated upon 200 consumers as follows:

<u>Item</u>	<u>Amount</u>
Salary for maintenance	\$1,200
Electricity	360
Expendable material	600
Bookkeeping administration	900
Depreciation	750
Total	<u>\$3,810</u>

The record indicates that revenues and expenses will be proportionately increased by the incorporation of Los Osos Highlands #2 into the system.

Rate Base

The evidence discloses fixed capital installed in Los Osos Highlands #1 as of April 30, 1953, as follows:

<u>Item</u>	<u>Amount</u>
Land	\$ 550
Well	1,235
Pumping equipment	1,833
Distribution mains	9,517
Distribution reservoirs	1,000
Total	<u>\$14,135</u>

Conclusions and Findings:

This record indicates that the proposed flat rate of \$2.50 per month per residence on one lot in Los Osos Highlands #1 and \$2.85 to \$3 per month per residence on one lot in Los Osos Highlands

#2 is too high. As the lots in both subdivisions vary in dimension, the following flat rates will be authorized. These flat rates will reduce the estimated revenue as to Los Osos Highlands #1 by approximately \$645 annually.

Per Service  
Per Month

For each residential unit, including a lot having an area of:

6,000 sq. ft. or less .....	\$2.25
6,001 to 9,000 sq. ft. ....	2.50
9,001 to 12,000 sq. ft. ....	2.75
Over 12,000 sq. ft., each additional 1,000 sq. ft. or fraction thereof .....	.10

The proposed meter rates will be reduced and a minimum charge provided in the manner set forth in the ensuing order. Such flat and meter rates appear to be just and reasonable.

Under the circumstances presented, it appears that public convenience and necessity require and will require that applicant be granted a certificate in the area described as Los Osos Highlands #1 as set forth on the map received as Exhibit #2 herein, and for the area described as Los Osos Highlands #2 as set forth on the map received as Exhibit #3 herein.

The certificate of public convenience and necessity herein granted as to the area known as Los Osos Highlands #2 shall not become effective until such time as applicant shall file herein evidence satisfactory to the Commission that he has acquired title to such real property. The certificate of public convenience and necessity hereinafter granted 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 require and will require the construction of a public utility water system by Ralph R. Westfall in the area designated Los Osos Highlands #1 and Los Osos Highlands #2 near the City of San Luis Obispo and more particularly delineated upon the maps received herein as Exhibit #2 and Exhibit #3, respectively; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Ralph R. Westfall to construct and operate a public utility water system for the distribution and sale of water within the territory hereinabove described and as hereinafter provided with respect to Los Osos Highlands #2.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File in quadruplicate the rates set forth in Exhibit A attached to this order, to be effective on or before the date service is rendered to the public, together with rules and regulations and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. Notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.
3. File within forty days after the system is placed in operation four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the land and territory served and the location of the various properties of applicant.

The authorization herein granted will lapse if not exercised within one year after the date hereof.

The authorization herein granted as to the area above referred to as Los Osos Highlands #2 shall not become effective until such time as applicant shall file herein evidence satisfactory to the Commission that he has acquired title to such real property.

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

Dated at Santa Barbara, California, this 7th day of July, 1953.

[Signature]  
President

[Signature]

[Signature]

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Commissioners

Justus E. Craomer  
Commissioner ~~G. Kenneth Potter~~, being necessarily absent, did not participate in the disposition of this proceeding.

EXHIBIT A  
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Schedule No. 1

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential flat rate water service.

TERRITORY

In the unincorporated area known as Los Osos Highlands Subdivisions Nos. 1 and 2 located about 10 miles northwest of the City of San Luis Obispo, San Luis Obispo County.

RATES

For each residential unit, including a lot having an area of:

	<u>Per Service Per Month</u>
6,000 sq.ft. or less .....	\$2.25
6,001 to 9,000 sq.ft. ....	2.50
9,001 to 12,000 sq.ft. ....	2.75
Over 12,000 sq.ft., each additional 1,000 sq.ft. or fraction thereof .....	.10

For each additional residence on the same lot and receiving service through the same connection .....	\$1.50
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SPECIAL CONDITIONS

1. Charges for flat rate service are payable in advance.
2. All service not covered by the above classifications will be furnished only on a measured basis.
3. Meters may be installed at option of utility or customer for above classifications in which event service will thereafter be rendered on the basis of Schedule No. 2, General Metered Service, and must be continued for not less than 12 months before it may again be changed to flat rate service.



EXHIBIT A  
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## Schedule No. 2

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

In the unincorporated area known as Los Osos Highlands Subdivisions Nos. 1 and 2 located about 10 miles northwest of the City of San Luis Obispo, San Luis Obispo County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 600 cu.ft. or less .....	\$2.00
Next 1,400 cu.ft., per 100 cu.ft. ....	.15
Next 3,000 cu.ft., per 100 cu.ft. ....	.125
Over 5,000 cu.ft., per 100 cu.ft. ....	.10
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$2.00
For 3/4-inch meter .....	2.50
For 1-inch meter .....	3.50
For 1 1/2-inch meter .....	5.75
For 2-inch meter .....	9.00

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