

ORIGINAL

Decision No. 50118

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of John J. and Ida L. Bower)	
for a Certificate of Public Convenience)	
and Necessity, authorizing them to)	
Operate a Distribution System for the)	Application No. 35239
Purpose of Distributing Water to the)	
Residents of North Gualala Subdivision)	
and other properties now served.)	

John J. Bower and Ida L. Bower, in
propria personae.
W. B. Stradley, for the Commission staff.

OPINION AND ORDER

Nature of Proceeding

John J. Bower and Ida L. Bower seek a certificate of public convenience and necessity authorizing the operation of a public utility water system in the unincorporated area of North Gualala, Mendocino County, and to have established a schedule of rates for such service.

Public Hearing

A public hearing was held before Examiner Silverhart in Gualala on May 5, 1954. The application, to which no objection was raised, was submitted at the close of the hearing.

Proposed Service Area and Water System

The service area is situated within North Gualala. A map attached to the application sets forth the boundaries of said area and the location of tanks; mains and source of water supply. Included within such area is a proposed 30-lot subdivision described as North Gualala Subdivision, a detailed map of which is attached to the application. The water system was originally constructed in 1906 and acquired by applicants in 1949.

Water for the system is obtained from Robinson Gulch Creek and delivered by gravity to one 12,000-gallon storage tank and one 1,000-gallon storage tank. The distribution system contains approximately 8,000 feet of mains which range in size from 2 to 3/4-inches in diameter, of which 4,578 feet are of 2-inch, 924 feet are of 1 1/2-inch and 1,419 feet are of 1-inch diameter.

Financing

According to the testimony the cost of the existing system has been fully paid and the costs of extensions thereof and new equipment are to be paid from applicants' funds. The record shows that applicants possess the requisite financial ability to develop the water system as further public need requires.

Other Available Water Supply

It appears that there is no other public water supply available to serve the hereinabove designated area. The record indicates that a county franchise is not required.

Proposed Rates

Applicant has proposed the following rates:

Meter Rates:		<u>Per Month</u>
Quantity Rates:		
First	600 cu.ft. or less	\$ 2.75
Next	900 cu.ft., per 100 cu.ft. ...	.40
Next	1,500 cu.ft., per 100 cu.ft. ...	.30
Over	3,000 cu.ft., per 100 cu.ft. ...	.20
Minimum Charge:		
For	5/8 x 3/4-inch meter	2.75
For	3/4-inch meter	3.50
For	1-inch meter	5.50
For	1 1/2-inch meter	7.00
For	2-inch meter	10.00

Flat Rates:	<u>Per Month</u>
Residence	\$ 3.00
Motel, manager and 3 units	3.00
Each additional unit	1.00
Gualala Hotel, including bar and reataurant	15.00
Chevron gas station	5.00
Gualala general store	3.00
Apartments, per unit	2.50

Estimated Revenue and Expense

Applicants presently serve 16 consumers on a flat rate basis. They derived an income therefrom for the year 1953 of \$36 and sustained expenses of \$1,500 for the same period.

It was estimated by the Commission staff engineer that for the calendar year 1954, based upon the assumption of an average of 20 consumers, the proposed rates will produce an estimated revenue of \$1,086, and that operating expenses including taxes and depreciation expense will total \$914.

The staff engineer further estimated that applicants would receive \$1,806 in annual revenues if the subdivision were fully developed, with taxes, operating and depreciation expense totaling \$1,079.

Depreciation was computed by the staff engineer on a straight-line remaining life basis. Depreciation expense for the year 1954 was put at \$394. This expense results in a composite annual depreciation rate of 3.2 per cent of the average depreciable plant. The order which follows will require applicants to base future book depreciation accruals on the composite rate developed by the staff engineer as indicated above.

Rate Base

An appraisal made by the staff engineer and set forth in Exhibit 1 shows fixed capital charges for this system as follows:

Item	: Staff Appraisal: : Dec. 31, 1953 :	Estimated : Dec. 31, 1954 :
Intangible Capital		
Organization	\$ 266.43	\$ 266.43
Water rights	150.00	150.00
Tangible Capital		
Landed Capital	1,940.00	1,940.00
Impounding dams	-	2,000.00
Transmission mains	4,319.70	4,319.70
Distribution mains	2,657.49	4,357.49
Distribution tanks	2,900.00	2,900.00
Services	-	450.00
Meters	-	750.00
Total	12,233.62	17,133.62

Recommendations

The Commission engineer recommended that applicants maintain an adequate accounting system to properly account for all additions, retirements to capital and to properly segregate all expenses and revenues. Applicants are instructed so to do.

Conclusions and Findings

It appears that the proposed meter rates are just and reasonable and will be authorized. The proposed flat rates have been modified to provide rates more nearly comparable with those authorized by this Commission for other water utilities rendering service generally under similar conditions. The rates set forth in Appendix A attached to the ensuing order are hereby found to be reasonable and will be authorized.

We conclude from the record herein that the requested certificate should be granted, subject, however, 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 construction and operation of a public utility water system by applicants in the unincorporated area of North Gualala, Mendocino County, California, as delineated on a map attached to the application; therefore,

IT IS HEREBY ORDERED that:

1. A certificate of public convenience and necessity be and it is hereby granted to John J. Bower and Ida L. Bower to construct and operate a public utility water system to be known as North Gualala Water Works for the distribution and sale of water within the territory hereinbefore described.
2. Applicants shall:
 - a. File in quadruplicate the rates set forth in Appendix 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.
 - b. 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 300 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various properties of applicant.

- c. Base future accruals to the reserve for depreciation upon a spreading of the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; use a composite annual depreciation rate of 3.2 per cent of the depreciable plant until further review supports modification of this composite rate; further, applicants shall review such accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

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

Dated at San Francisco, California, this 7th day of June, 1954.

John E. McNeill
President
Justin J. Calmes
Bennett Potts
Gene Higgins

Commissioners

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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Gualala and adjacent territory in Mendocino County.

RATES

Quantity Rates:

Per Meter
Per Month

First	600 cu.ft. or less	.....	\$ 2.75
Next	900 cu.ft., per 100 cu.ft.	....	.40
Next	1,500 cu.ft., per 100 cu.ft.	....	.30
Over	3,000 cu.ft., per 100 cu.ft.	....	.20

Minimum Charge:

For	5/8 x 3/4-inch meter	.....	\$ 2.75
For	3/4-inch meter	.....	3.50
For	1-inch meter	.....	5.50
For	1 1/2-inch meter	.....	7.00
For	2-inch meter	.....	10.00

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

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Schedule No. 2

FLAT RATE SERVICEAPPLICABILITY

Applicable to all water service rendered on a flat rate basis.

TERRITORY

The unincorporated community of Gualala and adjacent territory in Mendocino County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>
1. For each single family residence	\$3.00
2. Motels:	
a. For manager's quarters, utility buildings, irrigation and other general use	3.00
b. For each rental unit .....	.75
3. Hotels:	
a. For each hotel including not more than 25 rooms and common toilet facilities	5.00
b. In addition, each room with private bath .....	.75
4. For each bar, restaurant or service station	5.00
5. For each store, market or office	3.00
6. For each residential unit of a duplex, apartment or multi-family residence	2.50

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.

2. Meters may be installed at the option of utility or consumer for above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.