

**ORIGINAL**Decision No. 52120

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of  
 BURNS VALLEY WATER COMPANY, for a  
 certificate of public convenience  
 and necessity to operate a public  
 utility water system; and to estab-  
 lish rates for water serving a por-  
 tion of Clearlake Highlands, lying  
 on both sides of Highway 53 between  
 Davis Avenue and 43rd Street,  
 County of Lake, State of California. )

Application No. 37132

Richard O. Hodges and Harold A. Drebert,  
 for applicant;  
Ben Stradley, for the Commission staff.

O P I N I O N

Harold A. Drebert and Richard O. Hodges, copartners, doing business as the Burns Valley Water Company, by the above-entitled application filed on July 14, 1955, and amended on August 16, 1955, request a certificate of public convenience and necessity to operate a public utility water system for a portion of Plot 1, Tract B, Clubhouse Addition to Clearlake Highlands and a portion of Clearlake Highlands, Tract 7, Lake County, California, as shown on "Exhibit A" attached to the application. Applicants also request approval of rates as set forth in the amendment to application.

Public Hearing

After due notice public hearing on this application was held before Examiner M. W. Edwards on October 10, 1955, at Clearlake Highlands, California. Testimony was presented by one of the partners and one exhibit was introduced to show that the cost of the system installed up to October 8, 1955, was \$8,113.20. The staff representative cross-examined the witness for the purpose of

developing in the record all pertinent information for the Commission to consider in deciding this matter. No one present at the hearing offered any objection to the granting of the certificate.

#### Description of System

The source of water supply for the area, located on adjoining lands of applicants, is a well 84 feet in depth, with a 12-inch casing, capable of producing 50, or more, gallons per minute. At the present time a 3-hp pump and 525-gallon pressure tank are installed. Applicants represent that this system will serve up to eight customers. When growth warrants applicants state that they will increase the size of the pump to 5 hp and add storage tanks on Lot 1, Block 15 at the point of highest elevation on the system. The community is in a summer resort area and presently only one customer is being served. Growth is not expected to be more than 15 customers annually. Eventually, there may be as many as 109 water customers in the subdivision.

So far applicants have installed approximately 700 feet of 4-inch pipe along Davis Avenue and nearly 500 feet of 2-inch pipe along Arnold Avenue. Also they have on hand approximately 1,000 feet of 4-inch pipe and 1,500 feet of 2-inch pipe. One of the partners handles the installation of the pipes and operates the system. The other partner will handle the administration and office work.

#### Financing of System

Applicants have financed the system to date from their personal funds and propose to finance future extensions in the same manner. As to the financial responsibility of applicants, one is a general contractor and real estate broker and the other is a farmer, insurance agent and real estate broker. The record shows that applicants have the requisite financial ability to develop the water system as further public need requires. Because of the probable low rate of growth of customers, applicants do not expect to earn any return on their investment during the developmental period. Inasmuch

as the applicants plan to build the system as the growth requires they could not give an accurate figure as to the total cost of the water system, but state that approximately \$12,000 will be required to completely serve the present subdivisions.

Proposed Rates for Service

Applicants propose both flat rates and optional meter rates on seasonal and permanent resident bases. The proposed flat and metered service rates are as follows:

	<u>Per Season (April-Sept. Inclusive)</u>	<u>Per Year</u>
<b>Flat Rate Service:</b>		
3/4-inch service connection .....	\$24.00	\$42.00
<b>Metered Service</b>		
<b>Minimum Charge:</b>		
For 5/8 x 3/4-inch meter .....	21.00	36.00
For 3/4-inch meter .....	30.00	48.00
For 1-inch meter .....	45.00	72.00
<b>Quantity Rates:</b>		
	<u>Per Month</u>	
First 400 cu.ft. or less .....	\$ 3.00	\$ 3.00
Next 600 cu.ft., per 100 cu.ft.	.40	.40
Next 4,000 cu.ft., per 100 cu.ft.	.35	.35
Over 5,000 cu.ft., per 100 cu.ft.	.25	.25

For the permanent residents applicants propose that the annual minimum charge shall apply to service during the 12-month period commencing January 1 each year and payable in advance. For a customer who has established his permanency by having taken service for the preceding 12 months applicants propose that he may elect to pay the annual minimum charge on a monthly basis equal to one twelfth of the annual minimum charge.

For the seasonal residents applicants propose that the minimum meter charge or flat rate charge be paid on or before April 1 and that the seasonal minimum meter charge entitles the customer to the quantity of water indicated on the schedule each month.

Applicants also propose to offer public fire hydrant service at the rate of \$1 per month for each fire hydrant under the special condition that water will be supplied only at such pressures as may be available from time to time as a result of the normal operation of the system.

Applicants testified that the proposed rates are approximately the same as those being proposed by the Clear Lake Park Water Company.

#### Miscellaneous Items

Applicants represent that there are no other nearby sources of water available, that the Clear Lake Park Water Company does not desire to extend its mains into the area and also that the Clearlake Highlands Mutual Water Company does not.

With regard to the purity of the water, one applicant testified that a test by the county health authorities showed no contamination. Applicants state that no sewage lines or disposal areas of any kind will be permitted within 50 feet of the well.

Applicants contend that no franchise or permit is required by the County of Lake to install and operate the water system.

Applicants state that in each sales contract and deed covering lots and parcels within the subdivisions an easement will be reserved for water service extensions.

#### Conclusions

After considering the application and testimony it is concluded that the proposed water system is needed and is in the public interest. Because of the expected slow growth, applicants' proposal to extend and enlarge the system as growth requires appears reasonable, however, the adjoining land on which the well is located and Lot 1, Block 15, should be dedicated to the water operations solely and not sold for residential purposes. Applicants' request

will be granted by the order herein and in addition suitable evidence of dedication of the above-described property to water operations will be required.

The certificate of public convenience and necessity 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 cost 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, and 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 the construction, operation and maintenance of a public utility water system by Harold A. Drebert and Richard O. Hodges, doing business as the Burns Valley Water Company in a portion of Plot 1, Tract B, Clubhouse Addition to Clearlake Highlands and a portion of Clearlake Highlands, Tract 7, Lake County, in the area more particularly delineated by map marked "Exhibit A" attached to the application and as described in the application; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Harold A. Drebert and Richard O. Hodges doing business as Burns Valley Water Company to construct, operate and maintain a public utility water system for the distribution and sale of water within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED as follows:

1. Applicants are authorized to file after the effective date of this order, the rates set forth in Appendix A attached to this order, to be effective on or before service is first rendered to the public under the rates and rules authorized herein, together with rules and tariff service map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
2. Applicants shall file within thirty days after the system is placed in operation under the rates and rules authorized herein, four copies of a comprehensive map drawn to an indicated scale not smaller than 100 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 water system properties of applicants; all clearly designated to indicate the location of facilities installed as of the date of the map and those proposed to be installed at a later date to complete the water system.
3. Applicants shall base the accruals to depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserves, over the estimated remaining life of the property; applicant shall review the 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 this Commission.
4. Applicants shall reserve and dedicate the lot on which the well is located and Lot 1, Block 15, for water utility purposes, and shall file within twenty days after the system is placed in operation under the rates and rules authorized herein one copy of each appropriate document showing such reservation and dedication.

5. The authorization herein granted will expire if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 25<sup>th</sup> day of October, 1955

*Ray E. Untereiner*  
 President

*Matthew J. Boyle*

*Ray Untereiner*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Commissioners

Justus F. Craemer  
 Commissioner S. Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
Page 1 of 5

Schedule No. 1

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished to permanent residents on an annual basis.

TERRITORY

The unincorporated area including portions of Plot 1, Tract B of Clubhouse Addition, and Tract 7, Clearlake Highlands, Lake County.

RATES

Monthly Quantity Rates:		<u>Per Meter Per Month</u>
First	400 cu.ft. or less .....	\$ 3.00
Next	600 cu.ft., per 100 cu.ft. ....	.40
Next	4,000 cu.ft., per 100 cu.ft. ....	.35
Over	5,000 cu.ft., per 100 cu.ft. ....	.25
Annual Minimum Charge:		<u>Per Meter Per Year</u>
For	5/8 x 3/4-inch meter .....	\$36.00
For	3/4-inch meter .....	48.00
For	1-inch meter .....	72.00

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The above annual minimum charges apply to service during the 12-month period commencing January 1, and are due in advance. A customer who has established his permanency by having taken service for the preceding 12 months may elect to pay the annual minimum charge on a monthly basis equal to one twelfth of the annual minimum charge.

2. When the annual minimum charge is paid in advance, charges for water used in excess of the monthly allowance under the annual minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a noncumulative, monthly consumption basis.



APPENDIX A  
Page 2 of 5

Schedule No. 1S

SEASONAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished to seasonal customers.

TERRITORY

The unincorporated area including portions of Plot 1, Tract B of Clubhouse Addition, and Tract 7, Clearlake Highlands, Lake County.

RATES

Per Meter  
Per Month

Monthly Quantity Rates:

First	400 cu.ft. or less	.....	\$3.00
Next	600 cu.ft., per 100 cu.ft.	.....	.40
Next	4,000 cu.ft., per 100 cu.ft.	.....	.35
Over	5,000 cu.ft., per 100 cu.ft.	.....	.25

Seasonal Minimum Charge:

Per Meter	Quantity Allowed
<u>Per Season</u>	<u>Per Month for</u>
	<u>Minimum Charge</u>

For the 6-month period, April to September, inclusive:

For 5/8 x 3/4-inch meter	.....	\$21.00	400 cu.ft.
For 3/4-inch meter	.....	30.00	650 cu.ft.
For 1-inch meter	.....	45.00	1,170 cu.ft.

SPECIAL CONDITIONS

1. The seasonal minimum charge is due in advance and will entitle the customer to the quantity of water each month that corresponds to the seasonal minimum charge as shown above.
2. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative, monthly consumption basis.
3. Customers who have paid the seasonal minimum charge may obtain service during any other months of the same calendar year at the monthly quantity rates upon written notice to the utility stating the months in which such service is desired.

APPENDIX A  
Page 3 of 5

Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service furnished to permanent residents on an annual basis.

TERRITORY

The unincorporated area including portions of Plot 1, Tract B of Clubhouse Addition, and Tract 7, Clearlake Highlands, Lake County.

RATE

For each single family residence  
on a single lot .....

Per 3/4-inch  
Service Connection  
Per Year

\$42.00

SPECIAL CONDITIONS

1. The above annual flat rate applies to service during the 12-month period commencing January 1, and is due in advance. A customer who has established his permanency by having taken service for the preceding 12 months may elect to pay the annual flat rate charge on a monthly basis equal to one twelfth of the annual flat rate.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer, in which event service thereafter will be rendered only on the basis of Schedule No. 1, Annual General Metered Service, or Schedule No. 1S, Seasonal Metered Service.

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service furnished to seasonal customers.

TERRITORY

The unincorporated area including portions of Plot 1, Tract B of Clubhouse Addition, and Tract 7, Clearlake Highlands, Lake County.

RATES

Per 3/4-inch  
Service Connection

Seasonal Charge:

For seasonal flat rate service to each single family residence on a single lot, for the 6-month period, April to September, inclusive .....	\$24.00
---	---------

Monthly Charge:

For each additional month of the same calendar year .....	3.50
---	------

SPECIAL CONDITIONS

1. All charges for flat rate service furnished under this schedule are due in advance.

2. All service not covered by the above classification, or rendered on the basis of Schedule No. 2R, Annual Residential Flat Rate Service, will be furnished only on a metered basis.

3. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be rendered only on the basis of Schedule No. 1, Annual General Metered Service or Schedule No. 1S, Seasonal Metered Service.

4. Customers who have paid the seasonal charge may obtain service during any other months of the same calendar year at the monthly charge upon written notice to the utility stating the months in which such service is desired.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated area including portions of Plot 1, Tract B of Clubhouse Addition, and Tract 7, Clearlake Highlands, Lake County.

RATE

Per Month

For each fire hydrant ..... \$1.00

SPECIAL CONDITIONS

1. Hydrants will be furnished, installed and maintained at the expense of the fire district or other public agency applying for fire hydrant service.
2. Water use is limited to that required for fire fighting purposes and as may be used during scheduled fire drills, except that the utility may use the fire hydrants for the periodic flushing of its water mains.
3. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.