

Decision No. 53139

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
EDWARD STAHL, JACK FITZPATRICK, and )  
ADOLPH MEHAK for a certificate of )  
public convenience and necessity and )  
for the establishment of rates for )  
water service to Bonanza Springs )  
Subdivision and vicinity in Lake )  
County. )

Application No. 37455  
(Amended)

Adolph Mehak and Jack Fitzpatrick, for  
applicants.  
Robert C. Moeck, for the Commission staff.

O P I N I O N

Nature of Proceeding

Applicants, doing business as Bonanza Springs Water Company, by this application filed November 2, 1955, request a certificate of public convenience and necessity and authorization to establish rates for water service to be furnished to approximately 40 residents of Bonanza Springs Subdivision No. 1 and for subdivided property adjacent thereto. Both areas are located in unincorporated territory lying on the south side of a county road approximately three quarters of a mile west of Siegler Springs and two and one-half miles east of Loch Lomond in Lake County.

Public Hearing

The application was submitted for decision at a public hearing held, after due notice, at San Francisco on March 16, 1956, before Examiner John M. Gregory. No opposition was manifested at the hearing.

Description of System

The area to be served presently consists of two subdivided contiguous parcels. One parcel is made up of twelve

lots of approximately one acre each. The other parcel consists of thirty-one smaller lots approximately 71 feet by 140 feet each. The acre-lot parcel is to be developed first as a summer recreation area.

The system source of water supply is a spring located on applicants' land. The water from the spring is transported through 6,000 feet of 1½-inch main to storage tanks from which it is pumped to a tank at a higher elevation. The distribution system consists of approximately 4,000 feet of 2-inch steel mains.

The elevation of a portion of the parcel containing the thirty-one smaller lots is above the elevation of the base of the storage tank for that parcel. The storage tank, however, is at a greater elevation than that of the acre-lot parcel. Applicants propose to install a storage tank at a location substantially higher in elevation than either of the parcels to be served.

The Commission's engineer, who introduced a report of a field investigation of the project, recommended that the storage tank be at a higher elevation than at present in order properly to serve the thirty-one lot parcel. The present location of the storage facilities would be adequate for the acre-lot parcel. The engineer recommended that in any further development of the thirty-one smaller lots, 4-inch mains be installed in place of present excessive runs of 2-inch mains.

The nearest water system to the project is a mutual water company located at Loch Lomond, situated approximately two and one-half miles west. The record indicates that this water company is not interested in serving this area.

Proposed Rates and Estimated Results of Operation

Applicants, by an amendment to the application, filed January 20, 1956, propose to supply water at the following basic rates for metered and flat rate service:

<u>General Metered Service</u>	<u>Per Meter per Month</u>
Monthly Quantity Rates:	
First 400 cubic feet or less .....	\$3.00
	<u>Per Meter per Year</u>
Annual Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$36.00
 <u>Flat Rate Service</u>	 <u>Per 3/4-Inch Service Connection, per Year</u>
For each single family residence on a single lot .....	\$42.00

At the annual flat rate of \$42, the total annual revenue from an estimated forty customers is computed to be \$1,680. Annual expenses are estimated by applicants to be \$1,300, including annual depreciation expense of \$300. The resulting net revenue of \$380 indicates a yield of 1.73 per cent on the proposed capital investment of \$22,000.

Summary and Conclusions

The proposed water system appears to be adequate for presently contemplated purposes and upon full consideration of the record we conclude that applicants should be granted a certificate. However, applicants are hereby placed on notice that any further development of the thirty-one smaller lot parcel will require additions and improvements to the system. Such additions and improvements include the placement of an adequate storage tank at a sufficient elevation to supply proper pressure to the area to be served and the installation of mains of sufficient diameter to conform to good water engineering practice.

The proposed rates for water service, which are hereby found to be reasonable, should be authorized, although we recognize

that the rate of return estimated to be earned under those rates is low. This is to be anticipated during the development period of the subdivision.

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 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 Edward Stahl, Jack Fitzpatrick and Adolph Mehak, individuals doing business as Bonanza Springs Water Company, within the territory delineated upon a map annexed as Exhibit A to the application herein, therefore,

IT IS HEREBY ORDERED that:

1. A certificate of public convenience and necessity be and is hereby granted to Edward Stahl, Jack Fitzpatrick and Adolph Mehak to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described.
2. 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 the date service is first rendered to the public, together with rules and tariff service area 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

on five days' notice to the Commission and to the public after filing as hereinabove provided.

- 3. Applicants shall file, within forty 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 200 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 now owned or to be acquired initially within the territory herein certificated.
- 4. Applicants shall base the accruals to depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property. Applicants 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.

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 28<sup>th</sup> day of May, 1956.

\_\_\_\_\_  
President  
Justin J. Caswell  
\_\_\_\_\_  
Ralph L. Intermine  
\_\_\_\_\_  
William D. ...  
\_\_\_\_\_  
P. H. ...  
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
Page 1 of 2

## Schedule No. 1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area known as Bonanza Springs Subdivision, near Bonanza Springs Resort, 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
For	1-1/2-inch meter .....	120.00
For	2-inch meter .....	192.00

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.

Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Bonanza Springs Subdivision, near Bonanza Springs Resort, Lake County.

RATE

	Per 3/4-Inch Service Connection <u>per Year</u>
For each single family residence on a single lot .....	\$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 on a metered basis.
3. Meters may be installed at the 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.