

ORIGINALDecision No. 53340

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of KLAMATH HEIGHTS WATER
COMPANY, a California corporation, for a
Certificate of Convenience and Necessity
to construct and operate a water distri-
bution system,

and

Application of KLAMATH HEIGHTS WATER
COMPANY, a California corporation, for
authority to issue and sell its capital
stock.

Application No. 37565
(As Amended)

Sherman, Peters, Elliott, Hutchins and Dixon,
by Robert J. Lewis, for applicant.
Robert C. Moeck, for the Commission staff.

O P I N I O NNature of Procedure:

By this application, Klamath Heights Water Company, a California corporation, seeks a certificate of public convenience and necessity to construct and operate a public utility water system near the town of Klamath, Del Norte County, and authority to issue stock in an amount equal to the initial capital costs of the system.

Public Hearing

Public hearing in the matter was held before Examiner F. Everett Emerson on May 4, 1956 at San Francisco. The matter was submitted upon receipt of a late-filed Second Amendment to the application on May 14, 1956. No opposition was presented at the hearing.

The Applicant and Area Development

Applicant's president acquired approximately 70 acres of land, about the year 1935, west of the Town of Klamath and on the south side of the Klamath River, as a homesite for his family and for a place of retirement. Since that time the Town of Klamath has grown and has taken the brunt of several floodings, the latest of which in

the winter of 1955-56 all but destroyed the town. To assure a better development of the area and to provide good and substantial homesites above the high water mark, applicant's president on request of various residents of the Town of Klamath set apart, about two years ago, a portion of his lands for subdivision development. The initial development is for 30 lots in the tract known as Klamath Heights Unit No. 1. Eventual development will be in the amount of 130 to 150 lots.

The Initial Water System

The initial water system will have an 18-inch well, 45 feet deep, a 50,000-gallon storage tank, a 600-gallon pressure tank and sufficient lengths of 4-inch main to serve the 30 lots comprising Unit No. 1. Applicant has obtained the water supply permit required by the State Department of Public Health. The initial system is capable of supplying several times the number of lots within the first unit and can readily be extended to adjoining areas.

The total original cost of the initial water system is reported to be \$22,240, distributed as follows:

Organization	\$ 380.00
Land (well site)	300.00
Well	500.00
Pump (installed, in shed, with wiring)	1,950.00
Pressure Tank	700.00
Chlorinator	500.00
Storage Tank	3,800.00
Mains (including fittings)	6,160.00
Services (including fittings and meters)	1,170.00
Fire Hydrants (4)	320.00
Electrical Controls (storage tank to pump)	1,600.00
Miscellaneous Fittings and Service Cocks	500.00
Engineering and Legal Fees	2,716.00
Overheads	<u>1,644.00</u>
Total	\$22,240.00

Financing of System

Applicant proposes to finance the initial system and applicant's organization through the sale for cash of \$100 par value ✓

shares to applicant's president and his wife. Applicant is aware that the system will operate at a loss during the first few years of its development. All costs to date have been fully paid by applicant's president who is financially able to meet all foreseeable future costs of improvement or expansion of the system.

Rates

Applicant's proposed rates are as follows:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 500 cu.ft. or less	\$3.75
Next 500 cu.ft., per 100 cu.ft.	.35
Next 500 cu.ft., per 100 cu.ft.	.30
Next 1,000 cu.ft., per 100 cu.ft.	.25
Next 2,000 cu.ft., per 100 cu.ft.	.20
Over 4,500 cu.ft., per 100 cu.ft.	.15

Minimum Charge

For 5/8 x 3/4-inch meter	3.75
For 3/4-inch meter	4.50
For 1-inch meter	6.75
For 1-1/2-inch meter	10.00

Fire Hydrants, per hydrant 1.50

Conclusion

In view of the evidence we find as a fact that public convenience and necessity require and will require that applicant be granted a certificate for the area requested. Such certificate 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.

We further find as a fact that the money, property or labor to be procured or paid for by issuance of the shares of stock hereinafter authorized, is reasonably required by applicant for the purposes hereinabove stated, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

O R D E R

Public hearing having been held, the matter having been submitted and considered by the Commission and based upon the evidence and upon the findings contained in the foregoing opinion, IT IS ORDERED as follows:

1. A certificate of public convenience and necessity is hereby granted Klamath Heights Water Company to construct, operate and maintain a public utility water system for the production, storage, distribution and sale of water within all that territory in Del Norte County the exterior boundaries of which are delineated in the First Amendment and shown generally on the map designated Exhibit B attached to the original application in this matter.
2. Klamath Heights Water Company, after the date of this order and on or before December 31, 1956, may issue and sell, at not less than par, not exceeding \$22,240 of its \$100 par value stock and use the proceeds thereof for the purposes set forth in the foregoing opinion. Further, applicant shall file with this Commission monthly reports as required by General Order No. 24A, which order, in so far as applicable, is made a part of this order.
3. Applicant shall file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, to become effective on or before the date service is first rendered to the public, the schedules of rates attached to this order as Appendix A, together with rules and regulations and tariff service area map acceptable to this Commission. 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.
4. Within sixty days of the effective date of this order, applicant shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale of approximately 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 utility properties of applicant.

5. Applicant shall base accruals to depreciation upon spreading the original cost of depreciable plant, less estimated net salvage and depreciation reserve, 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.

6. Applicant shall notify this Commission in writing of the date service is first rendered to the public under the rates and rules authorized herein, within thirty days thereafter.

7. The certificate and authorizations herein granted will expire if not exercised within 180 days after the effective date hereof.

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

Dated at San Francisco, California, this 10th day of July, 1956.

W. E. Mitchell
President
Justin J. Casner
Paul L. Lutz
Walter H. Hooke
R. A. H. H. H.
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated subdivision known as Klamath Heights Unit No. 1, and vicinity, located on the south side of the Klamath River approximately 1-1/2 miles west of the community of Klamath, Del Norte County.

RATES

Quantity Rates:		<u>Per Meter per Month</u>
First	500 cu.ft. or less	\$ 3.75
Next	500 cu.ft., per 100 cu.ft.....	.35
Next	500 cu.ft., per 100 cu.ft.....	.30
Next	1,000 cu.ft., per 100 cu.ft.....	.25
Next	2,000 cu.ft., per 100 cu.ft.....	.20
Over	4,500 cu.ft., per 100 cu.ft.....	.15
Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 3.75
For	3/4-inch meter	4.50
For	1-inch meter	6.75
For	1-1/2-inch meter	10.00

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

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated subdivision known as Klamath Heights Unit No. 1, and vicinity, located on the south side of the Klamath River approximately 1-1/2 miles west of the community of Klamath, Del Norte County.

RATE

	<u>Per Month</u>
For each hydrant	\$1.50

SPECIAL CONDITIONS

1. The cost of installation and maintenance of hydrants will be borne by the utility.
2. The above rate includes use of water for fire protection and for no other purpose. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges will be made at the monthly quantity rates under Schedule No. 1, General Motored Service.
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.