

ORIGINALDecision No. 59172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RALSTON ASSOCIATES,)
 a partnership composed of Freeman)
 B. Ralston, Jack F. Ralston, and)
 Russell Rogers, to operate a)
 domestic water distribution system)
 in HIDDEN LAKE ESTATES, a subdivision)
 in Madera County, California.)

Application No. 39756
 (Amended)

Freeman B. Ralston, for applicants.
J. M. Ingles, for United States Bureau of Recla-
 mation.
W. B. Stradley, for the Commission staff.

O P I N I O N

This application, filed January 24, 1958, as amended, requests certificated authority to construct and operate a public utility water system in the recorded subdivision of Hidden Lake Estates, comprising about 67 acres of land divided into 88 lots and located within an area of potential future development of some 2,450 acres of gently rolling foothill land on the north shore of Millerton Lake, behind Friant Dam about 25 miles north of Fresno.

Hearing on the application was deferred pending advice from applicants that they had acquired a firm source of water supply from the Bureau of Reclamation. The Bureau controls the use of water from Millerton Lake as a facility of the Central Valley Project. Following receipt of such advice the application was heard before Examiner John M. Gregory at Madera on June 18, 1959, and was submitted subject to the filing of two exhibits, the last of which was received on July 15, 1959.

Applicants are partners. They own a controlling interest in Madera Development Company which owns the land and which will install the water facilities at an estimated cost of \$95,940 (Exhibit 3). After installation, the facilities will be transferred to the utility, along with private rights of way, free and clear of all encumbrances. The homes to be constructed will be of substantial estate-type character and the land on which they are to be located will be leased to the home owners for terms of 99 years.

Pending negotiation of a long-term contract for water service, applicants have entered into a contract for temporary water service with the Bureau of Reclamation which terminates February 29, 1960, and which provides for delivery by the Bureau from Millerton Lake, through pumping facilities to be provided by applicants, 30 acre-feet of water at the rate of \$10 per acre-foot, with a provision for delivery of excess water at the same rate if requested by applicants and agreed to by the Bureau. The water furnished pursuant to the agreement is to be applied only to Tract 20 (the initial development) of Hidden Lake Estates, which is located in Section 23, Township 10 South, Range 21 East, M.D.B.&M. A copy of the form of long-term contract is in evidence (Exhibit 1). It likewise provides, among other terms, for a rate of \$10 per acre-foot for the delivery of water. Both the temporary agreement and the form of the long-term contract contain an identical provision which reads as follows:

"The Contractor shall not realize a profit from the resale of water furnished hereunder. In establishing the rate for resale of water furnished hereunder the costs of operation and maintenance of the Contractor's facilities, repayment of the Contractor's capital investment therein, and the water charges hereunder shall be apportioned equitably among all of the users of water taken hereunder."

The quoted provision, in our opinion, does not present any obstacle to the exercise by this Commission of its full regulatory power over applicants' operations as a public utility water company.

Applicants propose to supply water in the tract for domestic, recreational and other uses, including fire protection, and have proposed a flat rate of \$8 per month for each residence to be served. Establishment of meter rates and fire hydrant rates was requested at the hearing.

The applicants indicated that they could see the advantage of metering the entire system. In view of the large homes and lots anticipated, and the purchase of all water by the applicants, only meter rates for general service will be authorized.

Financial statements included in the application, as amended, indicate that applicants have available the necessary resources with which to undertake the installation of the proposed system, the facilities of which appear to meet the minimum standards provided by General Order No. 103.

Upon consideration of the record herein we find that public convenience and necessity require the construction and operation by applicants of the public utility system described in the application for the sale and delivery of water within the following-described territory, to wit:

Within Tract 20 of Hidden Lake Estates, Madera County, California, as delineated on the map annexed to the application herein as Exhibit D thereof.

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.

Applicants will be authorized to file the rates set forth in Appendix A attached to this decision, which rates we hereby find to be reasonable as the initial rates to be charged for water service to be furnished in said tract.

O R D E R

Public hearing having been held herein, evidence having been received and considered, the matter having been submitted for decision, the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that:

1. A certificate of public convenience and necessity be and it hereby is granted to Freeman B. Ralston, Jack F. Ralston, and Russell Rogers, copartners, to construct and operate a public utility system for the sale and distribution of water within the territory hereinabove described.

2. Applicants are authorized to file 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 under the authority granted herein, 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 upon five days notice to the Commission and to the public after filing as hereinabove provided.

3. Applicants shall notify this Commission, in writing, of the date service is first furnished to the public under the rates and rules authorized herein, within ten days thereafter.

4. 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 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served for which this certificate is issued; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicants.

5. Within thirty days after the effective date of this decision, or, if not yet executed, within thirty days after the date of execution of a long-term contract between the United States Bureau of Reclamation and applicants for water service to said tract, which contract is to supplement or supersede the contract between said parties for temporary water service dated June 16, 1959 (Exhibit 2 herein), applicants shall file with the Commission two fully conformed copies of such long-term contract.

6. Applicants shall determine the accruals for depreciation by dividing the original cost of the utility plant, less estimated future net salvage, less depreciation reserve, by the estimated remaining life of the plant. Applicants shall review the accruals as of January 1st of the year following the date service is first rendered to the public under the rates and rules authorized herein

and thereafter when major changes in utility plant composition occur and 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 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 20th day of October, 1959.

[Signature] President
[Signature]
[Signature]
[Signature]
[Signature] Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Hidden Lake Estates, Tract No. 20, and vicinity, located adjacent to the northerly shores of Lake Millerton, Madera County.

RATES

Per Meter
Per Month

Quantity Rates:

First	600 cu. ft. or less	\$ 3.50
Next	1,400 cu. ft., per 100 cu. ft.30
Next	3,000 cu. ft., per 100 cu. ft.20
Over	5,000 cu. ft.; per 100 cu. ft.15

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 3.50
For	3/4-inch meter	4.50
For	1-inch meter	6.50
For	1 1/2-inch meter	11.00
For	2-inch meter	16.00

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

TERRITORY

The unincorporated area known as Hidden Lake Estates, Tract No. 20, and vicinity, located adjacent to the northerly shores of Lake Millerton, Madera County.

RATE

	<u>Per Month</u>
For each hydrant	\$2.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, General Metered Service.
2. The cost of installation and maintenance of hydrants will be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.