

Decision No. 59880

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
BODFISH WATER COMPANY, a California)	
corporation, for a certificate of)	Application No. 41500
public convenience and necessity to)	
operate a public utility water sys-)	
tem.)	

O P I N I O N

Bodfish Water Company filed this application on September 16, 1959 and an amendment thereto on January 27, 1960. Applicant requests that the Commission grant it a certificate of public convenience and necessity to operate a public utility water system and authorize it to issue capital stock.

The area for which certification is requested is an unincorporated portion of Kern County near Bodfish known as Tract 2275. Tract 2275 is a subdivision having 111 lots. There is no other public utility water system in the area proposed to be served.

Applicant states that the source of water will be a well equipped so as to be capable of delivering 78 gallons per minute against a total pumping head of 380 feet. A 1,000 barrel steel storage tank will be situated at an elevation of 2,790 feet. The highest point proposed to be served by the system will be 2,710 feet and the lowest point 2,590 feet. Distribution mains will consist of four-inch and six-inch asbestos cement pipe. Service lines will be 3/4-inch copper tubing. The system appears to be adequate for the service to be rendered and appears to meet the minimum requirements of General Order No. 103.

Applicant proposes rates which are at a level comparable with rates authorized by the Commission for other recently certificated water utilities in Kern County. General metered service would

be provided at the following basic rates:

Monthly Quantity Rates

	<u>Per Meter per Month</u>
First 900 cu.ft. or less	\$3.45
Next 3,100 cu.ft., per 100 cu.ft.30
Over 4,000 cu.ft., per 100 cu.ft.16

A minimum monthly charge depending on meter size, varying from \$3.45 for a 5/8 by 3/4-inch meter to \$17.00 for a 2-inch meter, would entitle the metered customer to the quantity of water which that minimum monthly charge would purchase at quantity rates. Because the proposed service area is anticipated to be utilized principally for resort purposes, applicant desires that the meter charges be made effective on an annual basis.

On a temporary basis, until such time as meters are installed, applicant proposes to offer flat rate service at a basic rate per 3/4-inch service of \$5.00 per month per single family residence or business establishment other than motels or hotels.

It is estimated by applicant that the monthly operating expenses of the system, including allowance for taxes and depreciation will total \$255 per month. Applicant states that Bodfish Land Corporation, an affiliate, will absorb any losses sustained in connection with the water operation until such time as there are sufficient users connected to meet the costs of such operation.

Applicant proposes to issue 3,659 shares of its capital stock, each share of stock having a par value of ten dollars, to Bodfish Land Corporation in consideration for the amounts paid by that corporation for the construction of the water system and the advance of \$500 cash as working capital. Applicant states the total estimated cost of the water system as \$36,096.88. However, the costs of component parts of the plant, as detailed in the application total only

\$35,096.68. The Commission, therefore, will authorize the issuance of only 3,559 shares of capital stock.

No protests regarding this matter have been received by the Commission.

The Commission has given consideration to this matter and is of the opinion that a public hearing is not necessary. The Commission finds that public convenience and necessity require the construction and operation of a public utility water system in the service area requested. Further, the Commission finds that the proposed level of meter rates, as modified to provide for minimum meter charges on an annual basis, are just and reasonable for the service to be rendered. With respect to the proposed rates for temporary flat rate service, however, no purpose for applying such rates is apparent, and they will not be authorized by the following order. The Commission is of the opinion that the money, property or labor to be procured or paid for by the issuance of stock herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. Therefore, the request of applicant for authorization to issue capital stock should be granted subject to the conditions in the order which follows.

The authority granted herein authorizing the issuance of shares of capital stock shall not be construed to be a finding of value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base.

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

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it hereby is, granted to Bodfish Water Company, a corporation, to acquire, construct and operate a public utility water system to serve that area in Kern County designated Tract No. 2275 and delineated in Exhibit B attached to the original application.

IT IS FURTHER ORDERED that:

1. Applicant is 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 under the authority herein granted, together with rules and a 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 this Commission and to the public after filing as hereinabove provided.

2. 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 ten days thereafter.

Applicant 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 200 feet to the inch, delineating by appropriate markings the tract of land and territory served; the principal water

production, storage and distribution facilities; and the location of the various water system properties of applicant.

4. Applicant 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. Applicant shall review the accruals as of January 1 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.

5. (a) Applicant, for the purposes set forth in the amendment to the application, may issue 3,559 shares of its capital stock at ten dollars per share par value after the effective date of this order but on or before December 31, 1960.

(b) Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

6. In all other respects the application is denied.

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 5th day of April, 1960.

[Signature]
President
[Signature]
[Signature]
[Signature]
Theodore J. Arner
Commissioners

APPENDIX A

Schedule No. 1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area including Tract No. 2275 and vicinity located adjacent to State Highway No. 178 immediately west of the community of Bodfish, Kern County.

RATES

	<u>Per Meter per Month</u>
Monthly Quantity Rates:	
First 900 cu.ft or less	\$3.45
Next 3,100 cu.ft., per 100 cu.ft.30
Over 4,000 cu.ft., per 100 cu.ft.16
Annual Minimum Charge:	
	<u>Per Meter per Year</u>
For 5/8 x 3/4-inch meter	\$41.40
For 3/4-inch meter	60.00
For 1-inch meter	84.00
For 1-1/2-inch meter	132.00
For 2-inch meter	204.00

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

SPECIAL CONDITIONS

1. The 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 paid for 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.