

Decision No. 60061**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 JOHN S. and EVELYN CAVANAUGH for a)
 certificate of public convenience)
 and necessity to operate a public)
 utility water system and to estab-)
 lish metered rates for water serv-)
 ice in an unincorporated area west)
 of Aptos known as Vienna Woods,)
 Tract 207, as set forth in Section)
 1001 of the Public Utility Code.)

Application No. 41864

O P I N I O N

By the above-entitled application filed January 19, 1960, John S. Cavanaugh and Evelyn Cavanaugh request a certificate of public convenience and necessity to construct and operate a public utility water system in an unincorporated subdivision known as Tract No. 207, Vienna Woods Subdivision, Santa Cruz County. A map of the area for which a certificate is requested is attached to the application as Exhibit A.

A field investigation in connection with this application was made on January 27, 1960, by a staff engineer of the Commission.

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

Service Area

The area for which a certificate is requested is located approximately 1½ miles east of State Highway No. 1 and the community of Aptos, Santa Cruz County. Tract No. 207 includes an area of approximately 50 acres and is subdivided into 97 lots, which vary from a minimum of approximately 10,000 square feet to more than one acre in area. No public utility water system serves the area sought to be certificated herein.

Description of Water System

The water system as proposed consists of 3,574 feet of 6-inch, and 5,175 feet of 4-inch diameter, Class 150 asbestos-cement pipe laid primarily in streets. The major portion of the distribution system is connected to be circulating and three sections of main are noncirculating. The dead ends, however, are equipped with flushing valves and appear to be unavoidable due to the terrain and street layout within the subdivision. Water service is to be furnished to individual lots through 1-inch diameter service connections. The water for the system is to be obtained from existing wells located immediately north of Tract 207. Well No. 1 is equipped with a 5-horsepower pump capable of producing 40 gallons per minute; Well No. 2, a 10-horsepower pump capable of producing 70 gallons per minute; and Well No. 3, a 10-horsepower pump capable of producing 100 gallons per minute. A fourth well is planned to be drilled. A 120,000-gallon redwood storage tank is located at a point approximately 150 feet above the highest point in the subdivision to be served.

Applicants' estimate of the cost of the facilities necessary to serve Tract 207 is as follows:

Wells	\$13,658.81
120,000-gallon redwood storage tank	9,746.00
Three well pumps	6,400.00
Tank site preparation	3,800.00
Distribution mains, material	12,000.00
Meters, fittings and fire hydrants	5,900.00
Trenching	1,325.00
System installation	6,000.00
Engineering	860.00
Extension of three-phase power	2,000.00
Total	<u>61,689.81</u>

The costs of lands, owned by applicants, on which the wells and tanks are located, are not included in the above total.

Applicants state that funds for the construction of this water system have been, and will be, made available from their own

personal funds and no indebtedness will be incurred by applicants for the construction of the water system.

Revenues and Expenses

Applicants propose to serve water on a metered basis only and have asked that the following rates be established:

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	500 cu.ft. or less	\$ 2.50
Next	1,000 cu.ft., per 100 cu.ft. ....	.40
Next	2,500 cu.ft., per 100 cu.ft. ....	.30
Over	4,000 cu.ft., per 100 cu.ft. ....	.25

Minimum Charge:

For	5/8 x 3/4-inch	\$ 2.50
For	3/4-inch	3.50
For	1-inch	6.50
For	1½-inch	10.00
For	2-inch	15.00

Applicants estimate that during the first 10 months of operation, the revenues for service at the requested rates will approximate \$1,170. The expenses during the same period, including depreciation but excluding an allowance for supervision and management, are estimated to be a total of \$1,750, which would result in an operating deficit of \$580. Until the subdivision is more fully developed, applicants state they do not expect to receive compensation for maintenance, supervision and operation of the system.

Although fire hydrants are being installed, no fire protecting organization has been formed in the area which includes the subject subdivision. Rates for fire hydrant service have not been requested by applicants. However, in order that they may be applicable at such time as a fire district may be organized, a schedule of fire hydrant rates will be established.

Findings and Conclusions

Applicants' water supply and distribution facilities as constructed and as proposed appear to be adequate for development of

Tract No. 207, and to meet the requirements of this Commission's General Order No. 103.

It appears that applicants have the requisite financial ability to carry out their proposed construction and operation of the water system during the developmental period of the area requested to be served when little or no return will be realized from the proposed utility operation.

The Commission finds and concludes that public convenience and necessity require that the requested certificate be granted. The Commission further finds and concludes that the rates set forth in the appendix attached to this order are fair and reasonable for the service to be furnished. A public hearing is not necessary.

A certificate hereinafter granted is subject to the following provision of law:

That the Commission shall have no power to authorize a capitalization of the certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity for any amount of money in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as a consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

IT IS HEREBY ORDERED that John S. Cavanaugh and Evelyn Cavanaugh be, and they are hereby, granted a certificate of public convenience and necessity to construct and operate a public utility water system for the distribution and sale of water in Tract No. 207, Santa Cruz County, as delineated on the map attached to the application.

IT IS FURTHER ORDERED that:

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 the date service is first furnished 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 on five days' notice to this Commission and to the public after filing as hereinabove provided.

2. 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.

3. 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 marks the 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.

4. 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 furnished 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. Prior to the date service is first furnished to the public under the authority herein granted, applicants shall (a) apply to the health authority having jurisdiction for a water supply permit for all sources of water to be used to supply the system, and

(b) report to the Commission, in writing, that application has been made for such permit.

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 9th day of May, 1960.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioner

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including Tract No. 207 and vicinity, located approximately 1½ miles east of the community of Aptos, Santa Cruz County.

RATES

Per Meter
Per Month

Quantity Rates:

First	500 cu.ft. or less	.....	\$ 2.50
Next	1,000 cu.ft., per 100 cu.ft.	....	.40
Next	2,500 cu.ft., per 100 cu.ft.	.....	.30
Over	4,000 cu.ft., per 100 cu.ft.	....	.25

Minimum Charge:

For	5/8 x 3/4-inch meter	.....	\$ 2.50
For	3/4-inch meter	.....	3.50
For	1-inch meter	.....	6.50
For	1½-inch meter	.....	10.00
For	2-inch meter	.....	15.00

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 municipalities, duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated area including Tract No. 207 and vicinity, located approximately 1½ miles east of the community of Aptos, Santa Cruz County.

RATE

Per Month

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.