

ORIGINAL

Decision No. 60235

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Alpha Eugene Day Annett, dba TWIN  
LAKES ENTERPRISES, to operate a water  
system in Twin Lakes Subdivision,  
Mono County, State of California; and  
to extend the system presently oper-  
ating, and to establish rates, under  
Section 1001 of the Public Utilities  
Code.

Application No. 41451

Alpha Eugene Day Annett, Norman T. Annett, and  
Mrs. Alice C. Irely, for applicant.  
Donald B. Steger and Thomas L. Deal, for the  
Commission staff.

O P I N I O N

Alpha Eugene Day Annett, an individual, doing business as Twin Lakes Enterprises, by the above-entitled application filed August 31, 1959, seeks a certificate of public convenience and necessity to operate a public utility water system in Twin Lakes Subdivision in unincorporated territory of Mono County at Twin Lakes, about fifteen miles southwest of Bridgeport. The location of the proposed service area is shown on the map 1-A in Exhibit No. 1, a Commission staff engineering and accounting report on the application filed at the hearing, and the water system now installed and proposed to be installed is shown on the map, Exhibit No. 1, attached to the application. Establishment of rates for water service is also sought.

A public hearing was held before Examiner Stewart C. Warner on May 4, 1960, at Bridgeport. No protests to the granting of the application were entered although a representative of one customer urged that the applicant not be required to chlorinate the water supply and if so required, that such chlorination be kept to a minimum.

#### General Information

The applicant, together with her husband, owns the properties comprising approximately 155 acres on the eastern slope of the Sierra Nevada Mountains at elevations between 7,076 and 7,350 feet lying on the north and south sides of Upper and Lower Twin Lakes where said lakes join together. The Southern Portion of Twin Lakes Subdivision contains 177 lots approved for sale on May 11, 1956, of which all but 20 have been sold. The Northern Portion of the Subdivision contains 106 lots approved for sale on May 7, 1959, of which about 75% have been sold. As of the date of the hearing, water service was being furnished to a total of 28 customers and it is estimated that 12 additional customers will be connected to the water system by October 31, 1960.

#### Water Connection Agreement Contracts

The applicant has required each purchaser of a lot to execute a Water Connection Agreement Contract, a copy of which is attached to the application as Exhibit No. 4, requiring the purchaser to pay \$200 as a water connection charge to his lot, such payment to be made in 20 monthly installments of \$10 (or more if so desired at any time). In the event water service to the lot is requested prior to the payment of the amount due under the contract the entire balance

becomes due and payable at that time. The applicant agrees to complete, at the earliest possible date, the water system for Twin Lakes Subdivision; to install at the lot purchaser's property line, a proper water connection consisting of a 3/4-inch stop and waste valve laid 42 inches in depth; to furnish water from May 1 to October 31 of each year; and not to assess any further water connection charge to the lot. The agreement further provides that water service will be furnished at an annual charge of \$50 for each season, \$25 of which is to be refunded to the purchaser over a period of eight years until the entire \$200 water connection charge has been refunded.

The applicant has classified the water connection charge as refundable advances for construction and a gross amount of \$19,075 had been advanced as of October 31, 1959, and refunds of \$668.80 had been made as of that date, leaving a net balance of \$18,408.20. Prior to September 1, 1957, some of the water connection charges were accepted as paid in full by a cash payment of \$125, and between September 1, 1957 and October 31, 1959, some of the water connection charges were accepted as paid in full by a cash payment of \$150. Funds obtained through application of the water connection charge represented approximately 50 percent of the total cost of utility plant at December 31, 1959, which total cost was \$37,114.

Source of Water Supply and  
Description of Water System

The applicant's source of water supply is the surface diversion of an unnamed stream which flows through the Southern Portion of the Subdivision at its most westerly extension. The diversion structure is located at an elevation of approximately 7,350 feet and is of cement-block and mortar construction. Mesh screen for the removal of leaves and floating trash covers the outlet

pipe leading from the diversion structure to a metal sand trap. Water is diverted from the sand trap through an 8-inch steel pipe to a 40,000-gallon storage reservoir whence it is distributed through 4½-, 4- and 6-inch outside diameter steel pipe dipped and wrapped, and 8-inch outside diameter steel pipe. Of a total of 14,630 feet of pipe-line installation, 12,200 feet is of 4½-inch diameter.

No meter installations have been provided; service installations meet the requirements of General Order No. 103; all services have stop and waste valves so that the system can be drained during the winter months; and a minimum of 42 inches of ground cover is provided at service connections. The distribution system has control valves which provide for segmentation in operation, and the 40,000-gallon reservoir is equipped with a 6-inch drain pipe and valve for draining and cleaning with manholes in the top of the reservoir for entry into its two sections.

A staff engineer estimated the applicant's total 24-hour water supply to be 144,000 gallons until the end of the year 1961 when it could be increased to 216,000 gallons by diverting a second stream which flows through the Southern Portion of the Subdivision east of the present diverted stream, and installing a second reservoir.

The applicant was granted a Water Supply Permit by the State Board of Public Health on April 30, 1956 and a copy of said Permit is attached to the application as Exhibit No. 7. The Permit covered three streams with chlorination by two chlorinators, and storage in two 50,000-gallon storage tanks. The staff engineer recommended that the applicant install a chlorinating unit to meet the requirements of the Permit.

From a review of the record herein, it appears that the source of water supply from the applicant's present stream diversion, together with the later diversion of a second stream, the storage facilities installed, and later to be installed, and the presently installed distribution system, and the system proposed to be installed, are adequate to supply the water service demands of the present customers, and the estimated number of customers for the foreseeable future.

#### Financial Responsibility

Exhibit No. 5, attached to the application, is a statement of the assets and liabilities of the applicant dated July 25, 1959. It shows total assets of \$233,720.27. Exhibit No. 6, attached to the application, is a statement of the assets and liabilities of Alpha Eugene Day Annett and Norman T. Annett, wife and husband, doing business as Mono Village Resort, dated July 25, 1959. It shows total assets of \$221,352.02.

#### Rates

As noted hereinbefore, the applicant has been charging a flat annual seasonal rate of \$50, \$25 of which has been applied against the water connection charge of \$200 assessed each lot owner at the time of purchase of a lot from the applicant as a subdivider. Said \$25 annual refund is to be made for eight years. In the event a request for water service had been made by a lot owner at some time other than the beginning of an annual season, the charge for that season has been pro rated on a monthly basis of \$8.35 for the months of May, June, July, August, September, and October. If water had been desired in August, the charge for the first season has been three months at \$8.35, or \$25.05, and the

annual charge for each season thereafter has been \$50 regardless of whether or not water was used for the entire season. The applicant proposes to continue these charges and rates.

Estimated Revenues and Expenses - Year 1960

The staff report, Exhibit No. 1, shows estimated revenues and expenses for the year 1960 based on an annual rate of \$50 for the 6-months' season May 1 through October 31 as follows:

<u>Item</u>	<u>Year 1960 Estimated</u>
Operating Revenues	\$ 1,820
Operation & Maintenance Expense	1,950
Depreciation Expense	1,140
Taxes	<u>300</u>
Net Revenue	(\$ 1,570)

(Red Figure)

Management and Operation

The applicant and her husband own and operate Mono Village Resort at the west end of Upper Twin Lake, and maintain their residence and a ranch in Yerington, Nevada. A water system maintenance man and operator is employed at Mono Village Resort and is available on a 24-hour basis for any of applicant's water system service matters. The applicant's books of account are kept by a public accountant and are audited annually by a certified public accountant.

Findings and Conclusions

The Commission finds as a fact and concludes that public convenience and necessity require that the application of Alpha Eugene Day Annett, doing business as Twin Lakes Enterprises, for a certificate of public convenience and necessity to operate a public

utility water system in Twin Lakes Subdivision, Mono County, be granted and the order hereinafter will so provide.

The certificate of public convenience and necessity granted hereinafter shall be 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.

The action taken herein shall not be construed to be a finding of the value of the property herein described.

Although the record shows that the applicant has acquired the so-called Judge Parker properties comprising 40 acres on the north side of Twin Lake Highway at the northwest corner of the intersection of Eagle Peak Drive and said Highway immediately contiguous to the Northern Portion of the Subdivision on the west thereof, and has acquired the so-called Parker parcel comprising 3.2 acres on the south side of the Highway to the shore of Upper Twin Lake lying in the midst of the west portion of the Northern Portion of the Subdivision, all as shown on the map, Exhibit No. 1 attached to the application, said parcels were not included in the proposed service area of the instant application. Until an adequate showing is made before the Commission of the adequacy of the water supply and the proposed method of financing a water system installation in the Parker parcels, it is found as a fact that the public interest requires that the applicant be restricted to the serving of water within the Southern and Northern Portions of the Subdivision only, and the order hereinafter will so provide.

It is found as a fact and concluded that the public interest requires that the applicant should be authorized to continue to make refunds in accordance with her Water Connection Agreement Contracts outstanding as of the date of the order which follows, but that thereafter water service should be furnished by the applicant only in accordance with her filed tariffs. The order hereinafter will contain an authorized rate schedule for applicant's water service. Such rate is found to be just and reasonable.

Pursuant to the testimony and the recommendations contained in the report, Exhibit No. 1, of the staff engineer, it appears to be in the public interest, and the Commission finds as a fact and concludes that the public interest requires that the applicant should be ordered to install a chlorinating unit which will meet the requirements of the State Department of Public Health; to submit, within thirty days after the effective date of the order herein, and annually thereafter prior to May 1st, to and including the year 1964, a tabulation of the number of service connections and an estimate of the number of connections to be added during the current operating season; to submit in the year when 100 or more customers are to be served, plans to construct and place in operation, the second stream diversion and second storage reservoir; and to establish an annual depreciation accrual for the depreciable utility plant as installed based on the straight-line remaining life method for computation of depreciation expense.



O R D E R

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. a. That Alpha Eugene Day Annett be and she is granted a certificate of public convenience and necessity to construct and operate a public utility water system known as Twin Lakes Enterprises in the Southern and Northern Portions of Twin Lakes Subdivision in unincorporated territory of Mono County as described in the application and as shown on the map, Exhibit No. 1, attached thereto.
- b. That applicant shall not extend her water system outside the boundaries of the areas certificated herein without further order of the Commission.
2. That the applicant be and she is authorized and directed to file with this Commission, within fifteen days after the effective date of this order, the schedule of rates set forth in Appendix A attached to this order, 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. a. That on and after the date hereof applicant shall furnish initial water service, including extension of mains, only in accordance with her filed tariffs.
- b. That applicant may continue to make refunds in accordance with her water connection agreement contracts outstanding as of the date hereof.
4. That applicant shall file with the Commission within forty days after the effective date of this order 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 applicant.

5. That applicant shall procure and dedicate to water utility purposes the lots or areas on which the diversion structures and reservoirs are or are to be located and easements or permits where the pipeline mains are or are to be located in lots, other than in public streets, and shall file, within sixty days after the effective date of this order one copy of each appropriate document showing such procurement, dedication, easement or permit.
6. That applicant shall, within thirty days after the effective date hereof, install and place in operation a chlorinating unit which will meet the requirements of the State Department of Public Health as set forth in the Water Supply Permit, Exhibit No. 7 attached to the application, and shall report in writing to the Commission when such installation has been completed and placed in operation, within ten days thereafter.
7. a. That applicant shall submit to this Commission, within thirty days after the effective date hereof, and annually prior to May 1st thereafter, to and including the year 1964, a tabulation of the number of service connections and an estimate of the number of connections to be added during the current operating season.  
b. That applicant shall submit, in writing, to this Commission in the year when 100 or more customers are to be served, plans to construct and place in operation a second stream diversion and second storage reservoir.
8. a. That applicant shall establish an annual depreciation accrual for the depreciable utility plant as installed and shall compute depreciation expense according to the straight-line remaining life method.  
b. That 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, 1961 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 the Commission.

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

Dated at San Francisco, California, this 20<sup>th</sup> day of June, 1960.

Robert A. Page  
President  
John E. Anderson  
William F. Sullivan  
John F. Fox  
Theodore J. Jensen  
Commissioners

APPENDIX A

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all seasonal residential water service furnished on a flat rate basis.

TERRITORY

The unincorporated area including Twin Lakes subdivision, located approximately 15 miles southwest of the town of Bridgeport near Mono Village, Mono County.

RATE

Per Service Connection  
Per Season

Seasonal Charge:

For each single family residence, including premises, for the six-month period May 1 through October 31 .....	\$50.00
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SPECIAL CONDITION

The seasonal flat rate charge is payable in advance on or before the initial day of the season.