

Decision No. 60371**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JOHN F. and ELIZABETH LEWIS,)
 HUSBAND and WIFE; and KENYON W. and MILDRED)
 NASHOLD, HUSBAND and WIFE (PIERPOINT SPRINGS)
 RESORT WATER COMPANY) for a certificate of)
 public convenience and necessity to operate) Application No. 42004
 a public utility system (water) in the)
 proposed Pierpoint Springs Resort Subdivision,)
 Tulare County; and to establish rates for the)
 service of water therefrom.)

O P I N I O N

By the above-entitled application filed March 2, 1960, John F. Lewis, Elizabeth Lewis, Kenyon W. Nashold, and Mildred Nashold, doing business as Pierpoint Springs Resort Water Company, request a certificate of public convenience and necessity to construct and operate a public utility water system in an unincorporated subdivision known as Pierpoint Springs Resort Subdivision Tract No. 322, Tulare County. A map of the area for which a certificate is requested is attached to the application as Exhibit "A" Page 1. A field investigation in connection with this application was made on April 8, 1960, by a staff engineer of the Commission.

A letter received from applicants' engineer on May 16, 1960, contains a revised map of the area to be certificated, a revised rate request, and a tabulation of revised revenues, expenses and utility plant estimates. This letter is designated Exhibit No. 1 in this proceeding.

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

Service Area

The area for which a certificate is requested is located about 33 miles east of the City of Porterville, and approximately 1 mile southwest of the summer resort area known as Camp Nelson, Tulare

County. Pierpoint Springs Resort Subdivision contains approximately 12.5 acres and is subdivided into 38 residential lots which average approximately 16,000 square feet in area. No public utility water system serves the area sought to be certificated herein.

Description of Water System

The water system as proposed will consist of 2,700 feet of 4-inch diameter, Class 150 asbestos cement pipe laid primarily in streets. The distribution system as proposed is to be completely circulating. Water service is to be furnished to each lot through a 3/4-inch diameter service connection. The water for the system is proposed to be obtained from a spring which applicants state has a continuous flow of approximately 25 gallons per minute. It is located approximately 500 feet from the subdivision. Water will flow from this spring into a 17,000-gallon steel tank, thence by gravity to the distribution system. The pressures in the distribution system are estimated to vary from a minimum of 28 pounds per square inch to a maximum of about 60 pounds per square inch. As this area grows and additional adjacent lands are subdivided other spring sources of supply are available to be used as needed to supply water to this area. Applicants' estimate of the cost of the facilities necessary to serve the tract now under development is as follows:

| | |
|------------------------------|----------------|
| Organization | \$ 300 |
| Land | 500 |
| Source of Supply | 1,000 |
| Tank | 1,800 |
| Distribution Mains | 4,760 |
| Services | 684 |
| Hydrants | 250 |
| Engineering | 500 |
| Total | <u>\$9,794</u> |

Applicants state that funds for construction of this water system have been, and will be, made available from their own personal funds and no indebtedness will be incurred for the construction of the water system.

Revenues and Expenses

Applicants propose to furnish water service on a flat rate basis and have asked that a rate of \$48 for an eight-month summer season and \$20 for a four-month winter season be established, and they also request that the Commission authorize an appropriate metered service schedule.

Applicants estimate that the annual revenue will reach \$1,717 when the anticipated ultimate development of the subdivision is reached, and that the total annual expense, including taxes and depreciation, will be \$1,100, based upon the requested rates. Although fire hydrants are being installed, no fire protection 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 authorized.

Findings and Conclusions

The Commission has given consideration to this matter and is of the opinion that a public hearing is not necessary. Applicants distribution facilities as constructed and as proposed appear to be adequate for development of this tract and to meet the requirements of this Commission's General Order No. 103. The water supply as proposed initially will not be sufficient to supply the tract when it is fully developed. However, as indicated on the map attached to the application as Exhibit "A", Page 1, additional sources of supply located on adjacent lands owned by applicants are available to be readily connected to the water system when required. Applicants are, therefore, placed on notice that they are responsible for supplementing the system supply as may be necessary to maintain adequate water service in the area being certificated herein.

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. The 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 that 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) is 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 F. Lewis, Elizabeth Lewis, Kenyon W. Nashold, and Mildred Nashold are hereby granted a certificate of public convenience and necessity to construct and operate a public utility water system known as Pierpoint Springs Resort Water Company, for the distribution and sale of water in Pierpoint Springs Resort Subdivision Tract 322, Tulare County as delineated by the numbered lots on the map attached to Exhibit No. 1 in this proceeding.

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, 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 herein 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 markings 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. 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 the proposed system, and (b) report to the Commission in writing that application has been made for such permit.

5. Applicant shall determine 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 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.

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
5th day of July, 1960.

Emmett O. Rye
President
Walter L. H. H. H.
Walter L. H. H. H.
E. L. H. H. H.
Theodore H. H. H.
Commissioners

APPENDIX A
Page 1 of 1

Schedule No. 1S

SEASONAL GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished on a seasonal basis.

TERRITORY

The unincorporated area including the subdivision known as Pierpoint Springs Subdivision, Tract No. 322, and vicinity, located approximately 16 miles east of the community of Springville, Tulare County.

RATES

Per Meter
Per Month

Monthly Quantity Rates:

| | |
|---|--------|
| First 800 cu.ft. or less, included in Seasonal Minimum Charge | |
| Next 1,200 cu.ft., per 100 cu.ft. | \$.25 |
| Next 3,000 cu.ft., per 100 cu.ft. | .20 |
| Over 5,000 cu.ft., per 100 cu.ft. | .15 |

Seasonal Minimum Charge:

| | Per Meter Per Season | Quantity Allowed: |
|---|----------------------|--------------------|
| : Summer Season : Winter Season: Per Month for : | | |
| : March 1 through : Nov. 1 through: Seasonal Min. : | | |
| : October 31 : Feb. 28 : Charge : | | |
| For 3/8 x 3/4-inch meter | \$48.00 | \$20.00 800 cu.ft. |
| For 3/4-inch meter | 56.00 | 28.00 1,200 |
| For 1-inch meter | 76.00 | 38.00 2,000 |
| For 1 1/2-inch meter | 112.00 | 56.00 4,000 |
| For 2-inch meter | 148.00 | 74.00 6,400 |

(Continued)

Schedule No. 1S

SEASONAL GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. Service may be taken under this schedule for either or both seasons.
2. The seasonal minimum charge is payable in advance on or before the initial day of the season and entitles the customer to the quantity of water each month that corresponds to the seasonal minimum charge as shown above.
3. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative monthly consumption basis.

APPENDIX A
Page 3 of 4

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 the subdivision known as Pierpoint Springs Subdivision, Tract No. 322, and vicinity, located approximately 16 miles east of the community of Springville, Tulare County.

RATES

Per Service Connection
Per Season

| | |
|-------------------|------------------|
| : Summer Season | : Winter Season |
| : March 1 through | : Nov. 1 through |
| : October 31 | : Feb. 28 |

For a single family residence,
including premises

\$48.00 \$20.00

SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All residential service not covered by the above classification will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1S, Seasonal General Metered Service.
4. Service may be taken under this schedule for either or both seasons.
5. The seasonal flat rate charge is payable in advance on or before the initial day of the season.

APPENDIX A
Page 4 of 4

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 the subdivision known as Pierpoint Springs Subdivision, Tract No. 322, and vicinity, located approximately 16 miles east of the community of Springville, Tulare 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. 1S, Seasonal 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.