

ORIGINAL

Decision No. 60682

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DON L. KAASTRUP and MARGARET H. KAASTRUP, his wife, for a certificate of public convenience and necessity to install and operate a water system in Tahoe Sierra Estates, Tahoe City, Placer County, California.

Application No. 41752
(Amended)

O P I N I O N

Applicants' Requests

By the above-entitled application, filed December 14, 1959, Don L. Kaastrup and Margaret H. Kaastrup, his wife, request a certificate of public convenience and necessity to install and operate a public utility water system to serve a subdivision known as Tahoe Sierra Estates bordering on Lake Tahoe in Placer County. In an amendment to the application, filed June 1, 1960, applicants request authority to enter into a certain agreement with Charles Cournale, the subdivider of Tahoe Sierra Estates, and also authority to deviate from the requirements of Section III, paragraph 2a of the Commission's General Order No. 103 pertaining to minimum pipe sizes in the distribution system.

Applicants allege that copies of the application and of the amendment thereto were mailed to the Board of Supervisors of Placer County and to the several neighboring water systems shown on the map attached to the application as Exhibit "B". No protests regarding this application have been received by the Commission.

Present and Proposed
Operations of Applicants

Since filing the original application herein, applicants have acquired the public utility water properties and business known as Tahoe Park Water System, as authorized by the Commission's Decision No. 59535, dated January 26, 1960, in Application No. 41801.

The subdivision called Tahoe Sierra Estates is located north of the present service area of the Tahoe Park Water System and is separated therefrom by a distance of about 500 feet. Although the water system in Tahoe Sierra Estates will have a different and separate source of water supply and will not be connected physically with that of the existing Tahoe Park Water System, applicants propose to operate the water system in Tahoe Sierra Estates as a second system in conjunction with their present operation.

Proposed Rates

Applicants propose to charge the same rates for service in Tahoe Sierra Estates as those now authorized and in effect for their Tahoe Park Water System. Such rates now on file are contained in the following four schedules:

Schedule No. 1S, Seasonal Metered Service,
for the 5-month period, May 1 to September 30.

Schedule No. 1W, Winter Metered Service,
for the 7-month period, October 1 to April 30.

Schedule No. 2SR, Seasonal Residential Flat Rate Service,
for the 5-month period May 1 to September 30.

Schedule No. 2WR, Winter Residential Flat Rate Service,
for the 7-month period October 1 to April 30.

Basically, such schedules provide for summer and winter season charges at flat rates of \$30 and \$42, respectively, for residential service; and corresponding charges for summer and winter season metered service at minimum rates of \$27.50 and \$38.50, respectively, for a 5/8 x 3/4-inch meter entitling the customer to

a usage of 700 cubic feet of water per month, with three usage blocks ranging from 30¢ to 20¢ per 100 cubic feet of water used in excess thereof.

Applicants do not have any filed rate for public fire hydrant service and neither have they requested a rate to be established for such service, although there are four two-inch wharf-type hydrants connected to the system installed in Tahoe Sierra Estates. An appropriate rate schedule will be authorized to be applicable at such time as a fire protection agency may be organized to include the area proposed to be served by applicants, as well as the area already being served by them.

Field Investigation

A field investigation was made in connection with the instant application on January 10, 1960, by a Commission staff engineer of the Hydraulic Branch of the Utilities Division. The results of his investigation and study based thereon are outlined in a memorandum dated July 8, 1960, which is hereby made part of the record in this matter as Exhibit No. 1.

Area Requested to be Certificated

The area sought by applicants to be certificated herein consists of nearly 25 acres of unincorporated territory, located between State Highway No. 89 and the shore of Lake Tahoe, approximately one mile south of Tahoe City. The map attached to the application as Exhibit "A" shows the subdivision of Tahoe Sierra Estates as containing 67 residential lots, each with an area of 10,000 square feet or more, and a larger lot, No. 67, designated as "Utilities and Recreation Area".

The subdivider installed the existing distribution system in the latter part of 1956. At the time of filing the application

there were about 14 homes in the tract, the water supply for which was being purchased from Tahoe Tavern. It is understood that applicants intend to maintain this connection for standby purposes only.

Description of Water System

To supply Tahoe Sierra Estates in the future, applicants plan to obtain water by means of a pipeline extended into Lake Tahoe. A pump house will be located in the northwest corner of the lot designated "Utilities and Recreation Area" where there will be installed a 160-gpm pump driven by a 7½-hp. electric motor, with a gasoline engine standby, and a 1,000-gallon hydropneumatic tank. From there a transmission pipeline will deliver the water into the distribution system.

Exhibit "A", attached to the application, purports to show the distribution system as installed by the subdivider. However, with a letter dated January 22, 1960, applicants enclosed a revised copy of said Exhibit "A" which more correctly shows the distribution mains and laterals as actually installed and which is hereby made part of the record in this matter as Exhibit No. 2.

The principal parts of the distribution system are laid in the streets of the subdivision, with two minor laterals laid along lines between lots. A 4-inch circulating main supplies service to most of the lots in the tract. There is one 1-inch lateral supplying two lots and there are three 1½-inch laterals with extensions of 1-inch and ¾-inch pipe to supply about 16 lots. In general, service connections supplying two lots are of 1-inch pipe and service connections to individual lots are ¾-inch.

To the extent that the lengths of the 1½-inch and smaller laterals exceed the maximum lengths designated in

Section III, paragraph 2a of General Order No. 103, applicants ask authority for deviation from such minimum requirements. Applicants allege that because this is a mountain resort area with no lawns or gardens, no great amount of water will be used and that the peak demand will be low since water will be used at more various times than normal.

Financing

A financial statement as of September 20, 1959, attached to the application as Exhibit "C", showed the net assets of applicants as \$72,619. Since that time applicants have acquired the original Tahoe Park Water System for an agreed purchase price of \$25,000 payable \$10,000 in cash, with the balance of \$15,000 to be paid in annual installments of \$1,000 or more each, plus interest at 6 percent.

The Commission is requested to authorize applicants to carry out the terms of an agreement, attached as Exhibit "E" to the amendment to the application, which provides for the manner in which the acquisition and construction of the water system in Tahoe Sierra Estates is to be financed by applicants. The agreement, dated February 9, 1960, is signed by Charles Cournale as "Customer" and Don L. Kaastrup and Margaret E. Kaastrup as "Utility" dba "Tahoe Park Water System #2". It is understood that Cournale will transfer to applicants herein the entire distribution system installed within the subdivision by Cournale at a reported cost of \$6,800, of which only \$3,000 is to be refunded by applicants and the balance donated. In the said agreement Cournale also agrees to advance \$6,500 as the estimated cost of the pipelines, pumping plant, pressure tank and controls necessary to be installed to supply water to the system, which amount (or the adjusted reasonable actual cost of such facilities) is likewise subject to refund by applicants. The total estimated

amount of \$9,500 is to be refunded by semiannual payments representing 22% of the gross revenues from customers in the subdivision for a period of 20 years, without interest. The total estimated cost of the entire water system, when completed, is \$13,300.

Water Rights

Exhibit "F" of the amendment to the application is a Grant Deed executed on March 14, 1960, by Charles Cournale and Josephine Cournale, his wife, which grants to "Tahoe Park Water System #2" a 5-foot right of way for a pipeline and the right to construct a pump house on a 5-foot by 16-foot easement, all on the designated "Utilities and Recreation Area" of the subdivision, "together with all our right, title and interest in and to riparian rights to Lake Tahoe". It is not clear just what water rights are intended to be granted, although it is presumed that the intent is to convey such rights to water from Lake Tahoe as may be riparian to Tahoe Sierra Estates. It may also be pointed out that "Tahoe Park Water System #2" is a fictitious name and not a legal entity. In order that applicants herein may be assured of a sufficient supply of water for their purposes in serving the requested certificated area, a new grant deed should be executed to clarify the above points.

Findings and Conclusions

The Commission finds and concludes that, under the existing circumstances where the use of water may be substantially less than in a normal residential subdivision, applicants' water supply and distribution facilities are adequate. However, applicants are put on notice that should deficiencies develop when more customers are added to the system, they will be expected to immediately install such larger facilities as may be needed to overcome such deficiencies.

In order that the property on which the pumping plant, tank and related facilities are located be dedicated to public utility purposes, as well as easements for any pipelines which will not be located in public streets, applicants will be required to file with the Commission documentary evidence to that effect.

Standby service is proposed to be provided by a gasoline engine which could readily be connected to the pump. To assure that some such suitable provision is made for service in case of electric power or motor failure, applicants will be required to install either the gasoline engine or the facilities necessary to supply the system from the Tahoe Tavern pipelines.

We find and conclude that applicants should be authorized to carry out the terms and conditions of the agreement attached as Exhibit "E" to the amendment to the application.

Applicants will be expected to apply for the necessary permit from the Health Department of the County of Placer prior to the commencement of service.

The Commission finds and concludes that public convenience and necessity require that the requested certificate be granted.

The certificate hereinafter granted 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.

No showing of public convenience and necessity having been made for any area outside the boundaries of the subdivision known as Tahoe Sierra Estates, the order which follows will provide that the

applicants shall not extend the water system herein concerned outside the boundaries of said subdivision without further order of the Commission.

The authorization herein given is not to be construed as a finding of value of applicants' properties, nor as indicative of amounts to be included in any future rate base for determination of just and reasonable rates.

The Commission further finds and concludes that the rate for public fire hydrant service set forth in the appendix to the following order and applicants' presently filed rates for other service are fair and reasonable for the service to be rendered in the area to be certificated herein.

O R D E R

The Commission having considered the above-entitled application, as amended, and being of the opinion that a public hearing is not necessary and that the application should be granted; therefore,

IT IS HEREBY ORDERED that:

1. a. A certificate of public convenience and necessity be and it hereby is granted to Don L. Kaastrup and Margaret E. Kaastrup, his wife, doing business as Tahoe Park Water System, to construct and operate a public utility water system for the distribution and sale of water within the subdivision known as Tahoe Sierra Estates, Placer County, as said subdivision is shown on Exhibits "A" and "B" attached to the application.

b. Applicants shall not extend service from such system outside of the area herein certificated without further authority from this Commission.

2. The certificate granted in the foregoing paragraph of this order shall not become effective until:

- (a) The instrument entitled "Grant Deed" (Exhibit F attached to the amendment to the application) shall have been re-executed by Charles Cournale and Josephine Cournale as grantors, and Don L. Kaastrup and Margaret H. Kaastrup as grantees, and that a certified copy of such grant deed as re-executed shall have been furnished to the Commission; and
- (b) Applicants shall have provided for adequate standby water service by installing either (or both) the standby gasoline engine mentioned in the application, or the necessary facilities to provide for a standby supply from the pipelines which deliver water to Tahoe Tavern; and, further, that applicants shall have reported to the Commission in writing of the completion of such installation.

3. a. Applicants are authorized to apply, after compliance with paragraph 2 of this order, their presently effective tariff schedules to the area certificated herein.

b. Applicants are authorized to file, after compliance with paragraph 2 of this order, the rate schedule 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.

4. Within thirty days after compliance with paragraph 2 of this order, applicants shall revise and file in quadruplicate with this Commission, in conformity with General Order No. 96, such of its tariff sheets and schedules, including a tariff service area map acceptable to this Commission, as are necessary to provide for the application of its tariff schedules to the area certificated herein. Such tariff sheets shall become effective upon five days' notice to the public and this Commission after filing as hereinabove provided.

5. Applicants 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.

6. 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 160 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 in Tahoe Sierra Estates.

7. If the authorization herein granted is exercised, applicants shall dedicate to public utility purposes the land, parcels or areas on which the pump, tank and related water facilities are located, and any easements or permits where water mains are located, otherwise than in streets dedicated to public use. Applicants shall file with the Commission, not later than thirty days after the system is first placed in operation under the rates and rules authorized herein, one copy of each appropriate document showing such dedication, easement or permit.

8. If the authorization herein granted is exercised, prior to the date service is first furnished to the public under the authority herein granted, applicants shall apply to the public health authority having jurisdiction for a water supply permit for their proposed system, and applicants shall report to this Commission, in writing, that application has been made for such permit, within ten days thereafter.

9. Applicants are authorized to deviate from the provisions of Section III, paragraph 2a of General Order No. 103 to the extent that certain noncirculating lateral pipelines already installed as shown on Exhibit No. 2 do not fully meet the minimum requirements of said order; however, all future construction shall comply with said order

and applicants may be required to replace the existing undersize pipelines with mains of proper size, should any deficiency in supply result from service to existing or future consumers because of the deviations herein authorized.

10. Applicants are authorized to carry out the terms and conditions of the agreement with Charles Cournale, dated February 9, 1960, attached to the amendment to the application as Exhibit "E".

The authorizations 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 1st day of SEPTEMBER, 1960.

Walter A. Page
 President

J. E. Natelli

Walter A. Page

E. J. Fox

Commissioners

APPENDIX A

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 areas including Tahoe Park, Miramar Heights and Tahoe Sierra Estates subdivisions, and vicinity, located adjacent to State Highway 89, approximately 1 to 2 miles south of the community of Tahoe City, Placer 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 Metered Service or Schedule No. 1W, Winter 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.