

Ownership and Development of
Applicant's Proposed Service Area

The applicant has been the owner and developer of Forrest Lake Estates Units Nos. 1 and 2 comprising 16 acres and a total of 78 lots, of which said lots 60 have been sold and on which 6 houses have been completed and on which 2 houses are under construction. The applicant, as owner of the land, is subdividing an additional area known as Forrest Lake Estates Unit No. 3 which adjoins Units Nos. 1 and 2 on the north thereof. Said Unit No. 3 will comprise 14 acres and a total of 50 lots.

Applicant's proposed service area also includes 70 acres of unsubdivided land owned by him to the north and to the east of the Forrest Lake Estates tracts, and including a nine-hole golf course. All of said land is located north of the Banning-Idyllwild Highway, as shown on the topographical map Exhibit "B" attached to the application.

The applicant also proposes to serve an additional 40 acres, including the Buckhorn Camp, Inc., which are located directly across and on the south side of the Banning-Idyllwild Highway. Said Camp is operated by the Reorganized Church of Latter Day Saints and accommodates about 850 people over a peak summer week end.

All of the applicant's proposed service area is within the boundaries of Pine Cove County Water District, and applicant is furnishing water service on an emergency basis to ten so-called Hoffman customers of said District who are located outside the northeasterly boundaries of applicant's proposed service area, but

are furnished water service through a connection at the boundaries of applicant's property. Although notice of the hearing on the instant matter was sent to said District, it entered no appearance.

The applicant proposes to construct and operate a 54-unit motel and a golf clubhouse within his proposed area.

The applicant proposes to furnish no water service outside the boundaries of properties owned by him, except for the service to Buckhorn Camp and to the so-called Hoffman customers. He does not propose to furnish water service within the boundaries of Idyllwild County Water District.

The proposed service area comprises a total of 160 acres.

Sources of Water Supply
and Description of Water System

Applicant's sources of water supply are four wells owned by him, the locations of which are shown on the map Exhibit "B" attached to the application. Exhibit No. 2 is a pumping test of California Electric Power Company dated July 20, 1960. Said test shows the combined flow of Wells Nos. 1 and 2, at a total head of 355.9 feet, to be 27-gallons per minute; and the combined flow of Wells Nos. 3 and 4, at a total head of 368.9 feet, to be 33-gallons per minute. Said wells discharge into a 67,000-gallon storage tank located at an elevation of 6,060 feet, or 320 feet above the wells. Said tank discharges into the distribution system consisting of 5,733 feet of 8-, 6- and 4-inch diameter asbestos cement pipe. The applicant has installed service connections at all subdivided lots in Units Nos. 1 and 2, and fire hydrants have been installed at the locations delineated on the map Exhibit "B". The applicant proposes to install approximately 3,300 additional feet of asbestos-cement distribution mains in Unit No. 3.

The applicant has installed a 1-1/2-inch meter on a 2-inch service connection to serve the Buckhorn Camp. Said Camp has a swimming pool and had, for some time, its own source of water supply which, however, developed a high iron content. Thereupon the Camp entered into an agreement with the applicant pursuant to the exchanges of correspondence dated January 12 and April 29, 1959, copies of which were received as Exhibit No. 8. Said agreement provides, among other things, that the Camp restrict its use of water to normal domestic uses and, unless advised otherwise by the applicant, use applicant's water for swimming pool make-up only at off-peak hours and preferably between the hours of 7 p.m. and 5 a.m. The Camp advanced \$840 to the applicant covering the cost of constructing the applicant's water line to the north side of the Banning-Idyllwild Highway adjoining the Camp's property, together with metering and regulating equipment. The amount of the advance is subject to refund to the Camp at the rate of 20 percent of its water bill for a ten-year period.

Applicant's Management
and Financial Responsibility

The applicant employs five employees on a permanent basis, the full time of whom is not available to the operation of the water system but is available principally to the real-estate subdivision operations and those of the golf course.

Exhibit "F", attached to the application, shows applicant's total capital and net worth as of December 31, 1959, to be \$50,620.08 after making an accounting correction to place in net worth the amount of \$4,014.23, shown as a liability under reserve for depreciation; said reserve having already been

deducted from the assets on said Exhibit. The applicant testified that his personal net worth was approximately \$1,250,000 including his landholdings comprising the proposed service area.

Rates

Applicant proposes a flat rate for a single family residence of \$50 per year and, for each additional dwelling per unit, of \$50 per year. Except for the service to the Buckhorn Camp, which is metered as noted heretofore, all water service is being furnished on a flat rate basis at the present time.

Applicant proposes the following general metered service rates:

PROPOSED GENERAL METERED SERVICE

		<u>Per Meter Per Year</u>
Quantity Rates:		
First	3,000 cu. ft.	\$30.00
Next	5,000 cu. ft., per 100 cu. ft.50
Next	6,000 cu. ft., per 100 cu. ft.25
Next	14,000 cu. ft., per 100 cu. ft.20
Annual Minimum Charge:		
For	5/8 x 3/4-inch meter	30.00
For	3/4-inch meter	45.00
For	1-inch meter	60.00
For	1-1/2-inch meter	100.00
For	2-inch meter	150.00

The schedule of rates proposed by the applicant would permit each customer to use his total annual allowance within a relatively short time, even possibly one week end, which could readily result in the depletion of the supply in storage to the detriment of other customers. For this reason, the proposed schedule has been modified to establish monthly quantity rates and to provide that payment of the annual minimum charge will entitle the customer each month to the quantity which one twelfth the annual charge will purchase at the monthly quantity rates.

Applicant also requests a deposit, refundable annually at the rate of 20 per cent of the gross revenue in excess of the minimum consumption, for meters of one inch and larger; such refund to be limited to a period of five years or until the deposit shall have been returned, whichever shall occur sooner.

Staff Recommendations

Exhibit No. 7, a Commission staff engineering report on the application, recommends that, because of the limited water supply which has been developed so far by the applicant, the certificate of public convenience and necessity sought be limited to Forrest Lake Estates Units Nos. 1, 2, and 3, only. The staff engineer also recommended that water service be rendered only on a metered basis, and suggested the following schedule of general metered service rates:

SUGGESTED GENERAL METERED SERVICE RATES

Annual Quantity Rates:	<u>Per Meter Per Year</u>
First 6,000 cu.ft.	\$30.00
Next 6,000 cu.ft., per 100 cu.ft.	.40
Next 6,000 cu.ft., per 100 cu.ft.	.30
Over 18,000 cu.ft., per 100 cu.ft.	.20

No change in annual minimum charges was suggested and no meter deposit was included in the suggested rates. The staff engineer also recommended that the annual minimum charges apply to service during the 12-month period commencing May 1, rather than September 1, as requested by the applicant.

Protest of Idyllwild County Water District

Idyllwild County Water District protested the application on the grounds that it owned fee title to the water rights in Lily Creek, the watershed of which formed a part of the watershed for the applicant's sources of water supply. The District feared that if the applicant were granted a certificate covering the full area sought to be certificated, additional sources of water supply

would be required which might impinge on the District's sources of water supply. The District did not hold itself out as being ready, willing, or able to serve the applicant's proposed area.

Evidence on Water Supply

The applicant's consulting engineer testified that he had surveyed applicant's proposed area from a water supply standpoint and had concluded that the safe yield of the basin underlying most of the area was 700-acre feet annually; that the maximum demands of the applicant would be under 100-acre feet annually; that the principal source of water supply to the basin was "sheet"water which was stored in and gradually permeated and percolated through the alluvial cover of the basin. This witness testified that additional wells could be drilled in the basin above a rock formation which crossed the basin from east to west about at its mid-section, or in its lower half.

The State of California Department of Public Health Water Supply Permit, contained in Exhibit No. 1, dated December 7, 1956, was issued to Tahquitz Lake Water Company permitting it to supply water from two wells, a pressure tank, and a distribution system in Forrest Lake Tract No.1, and a letter from the County of Riverside Department of Public Health, a copy of which is a part of Exhibit No. 1, states that the said Permit is not limited to said Tract, but designates the community or area which is served.

The record shows that Tahquitz Lake Water Company, a corporation, was organized by the applicant and that the applicant was the sole owner thereof; however, for personal business reasons

the applicant filed the instant application in his name as an individual. Exhibit No. 1-A is a copy of a letter to the County of Riverside Department of Public Health requesting said Department to issue a renewal of the permit issued in 1956 to the applicant and to cover the additional facilities constructed since that year.

Findings and Conclusions

From a review of the record the Commission finds as a fact and concludes that public convenience and necessity require that the application of Byron J. Walters, an individual doing business as Tahquitz Lake Water Company, be granted in part and denied in part. It is found as a fact that the applicant's sources of water supply are adequate only for water service to Forrest Lake Estates Units Nos. 1, 2, and 3, service to the 10 so-called Hoffman customers, and to the Buckhorn Camp and the golf course only on a surplus water basis and through metered service connections. In view of the fact that the applicant, as noted hereinbefore, is furnishing water service to the Hoffman customers on an emergency basis and the evidence of record that no other water service is available to such customers either from Pine Cove County Water District or any other source, the order hereinafter will provide that applicant shall continue to furnish water service to such customers until such time as the Pine Cove County Water District shall be ready, willing and able to furnish such customers with water service. The Commission finds as a fact and concludes that the public interest requires that, until new sources of water supply are developed and proven to the satisfaction of the Commission, the applicant shall not extend his water service outside the areas hereinafter certificated without further order of the Commission.

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.

The record shows that the applicant's proposed rates for water service are generally comparable to those of the Idyllwild County Water District. The order which follows will authorize the applicant to file his proposed rates, modified as to the pro rata quantity allowed each month for the minimum charge and providing an annual billing date of May 1 instead of September 1. Authority to require a deposit for meters or service connections will be denied.

Because applicant's water supplies are limited and, further, in order that the applicant may be properly compensated for his water service, the order hereinafter will direct the applicant to install meters on all active customers' service connections and to furnish water service only on a metered basis.

Because of the possible temporary nature of service to Buckhorn Camp, the Commission finds and concludes that the refund arrangement entered into between the owners of the camp and the applicant, although a deviation from normal practice, is justified. Applicant will be authorized to carry out the terms of this arrangement and directed by the order herein to file with the Commission conformed copies of an agreement reflecting this arrangement.

In order to simplify records and bookkeeping, the applicant will be directed by the order which follows to transfer title to all water system properties to the account of his water system.

O R D E R

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

IT IS HEREBY ORDERED as follows:

1. a. That Byron J. Walters be and he is granted a certificate of public convenience and necessity to construct and operate a public utility water system known as Tahquitz Lake Water Company in Forrest Lake Estates Units Nos. 1, 2, and 3, in unincorporated territory of Riverside County, as shown on the map Exhibit "B" attached to the application.
- b. That applicant shall not extend his water system outside the boundaries of the area certificated herein without further order of the Commission.
2. a. That the applicant be and he is authorized and directed to continue to furnish water service to the Buckhorn Camp, Inc., from the present service connection and to the so-called Hoffman customers from the present service connection.
- b. That applicant is authorized to carry out the terms of the refund arrangement set forth in the foregoing opinion, and shall, within thirty days after the effective date hereof, file with the Commission two conformed copies of an agreement with Buckhorn Camp, Inc., reflecting that refund arrangement.
- c. That applicant shall continue to furnish water service to the so-called Hoffman customers on an emergency basis until such time as the Pine Cove County Water District shall be ready, willing and able to provide such customers with water service.
3. a. That the applicant be and he 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.
- b. That within forty-five days after the effective date hereof the applicant shall install meters on all active service connections and shall thereafter furnish water service only on a metered basis.
4. That on and after the effective date hereof applicant shall furnish initial water service, including extension of water mains, only in accordance with his filed tariffs.
5. 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.

- 6. 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.
- 7. 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.
- 8. In all other respects the application be and it is hereby denied.

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

Dated at San Francisco, California, this 11th day of October, 1960.

President

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area known as Forrest Lake Estates Units Nos. 1, 2, and 3, and vicinity, Riverside County.

RATES

Per Meter
Per Month

Monthly Quantity Rates:

First	300 cu.ft. or less	\$ 2.50
Next	700 cu.ft., per 100 cu.ft.50
Next	1,000 cu.ft., per 100 cu.ft.25
Over	2,000 cu.ft., per 100 cu.ft.20

Annual Minimum Charge:

Per Meter
Per Year

For	5/8 x 3/4-inch meter	\$ 30.00
For	3/4-inch meter	45.00
For	1-inch meter	60.00
For	1 1/2-inch meter	100.00
For	2-inch meter	150.00

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one twelfth of the annual minimum charge will purchase at the Monthly quantity Rates.

SPECIAL CONDITIONS

1. Service will be furnished only on an annual basis.
2. The above annual minimum charges apply to service during the 12-month period commencing May 1, and are due in advance. A customer who has established his permanency by having taken service for the preceding

(Continued)

Schedule No. 1

ANNUAL GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

12 months may elect to pay the annual minimum charge on a monthly basis equal to one twelfth of the annual minimum charge.

3. 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.

4. For initial service connected after May 1, the annual minimum charge will be prorated. Such proration will be made at the first May 1 billing following the commencement of such initial service.

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Schedule No. 9LZ

ANNUAL LIMITED SURPLUS WATER SERVICEAPPLICABILITY

Applicable to limited surplus water service furnished on an annual basis.

TERRITORY

The golf course located on land owned by Byron J. Walters as of July 27, 1960, and to Buckhorn Camp, in the unincorporated area known as Forrest Lake Estates, Units Nos. 1, 2, and 3, and vicinity, Riverside County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
<u>Monthly Quantity Rates:</u>		
First	300 cu.ft. or less	\$ 2.50
Next	700 cu.ft., per 100 cu.ft.50
Next	1,000 cu.ft., per 100 cu.ft.25
Over	2,000 cu.ft., per 100 cu.ft.20
 <u>Annual Minimum Charge:</u>		
		<u>Per Meter</u> <u>Per Year</u>
For	5/8 x 3/4-inch meter	\$ 30.00
For	3/4-inch meter	45.00
For	1-inch meter	60.00
For	1 1/2-inch meter	100.00
For	2-inch meter	150.00

The Annual Minimum Charge will entitle the customer to the quantity of water each month, if available, which one twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

(Continued)

Schedule No. 9LZ

ANNUAL LIMITED SURPLUS WATER SERVICE
(Continued)

SPECIAL CONDITIONS

1. Service under this schedule will normally be restricted to water for domestic uses. Water for filling of swimming pools of Buckhorn Camp will be used only between the hours of 7:00 p.m. and 5:00 a.m., or during such other periods as the utility may direct.

2. 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.

3. Service will be furnished only on an annual basis.

4. The above annual minimum charges apply to service during the 12-month period commencing May 1, and are due in advance. A customer who has established his permanency by having taken 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.

5. 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.

6. For initial service connected after May 1, the annual minimum charge will be prorated. Such proration will be made at the first May 1 billing following the commencement of such initial service.