

Decision No. S1438

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
MOUNTAIN SEADOWS WATER COMPANY, a)
California corporation, for a)
Certificate of Public Convenience)
and Necessity to Operate a Public)
Utility Water System.)

Application No. 42687
(Amended)

O P I N I O N

By the above-entitled application, filed September 21, 1960, and amended October 10 and December 5, 1960, Mountain Shadows Water Company, a California corporation, requests a certificate of public convenience and necessity to construct and operate a public utility water system in Record of Survey Tract No. 2382, Kern County. Applicant also requests authority to establish rates for water service and to issue stock. The area for which a certificate is requested is delineated on a map included as Exhibit D of the application.

A field investigation in connection with this matter was made on November 2 and 3, 1960, by a staff engineer of the Commission, at which time the data presented by applicant was verified. The results of this investigation are outlined in a memorandum dated December 12, 1960, which is incorporated in the record in this proceeding as Exhibit No. 1.

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

Service Area

The tract requested to be certificated is located approximately 4 miles southwest of Kernville, Kern County. This subdivision, as presently planned, consists of 21 lots varying in size from two and one-half acres to three acres. The subdivider is also the

owner of a tract of approximately 35 acres located adjacent to and south of Tract No. 2382 which additional tract may be subdivided in the future. It is alleged that the only water supply agency in the immediate area is Arden Water Company which is located approximately $1\frac{1}{2}$ miles east of the area for which the certificate is sought herein. A copy of the application was served on Arden Water Company.

Franchise

Applicant alleges that a franchise is not required by Kern County.

Description of Water System

The primary source of supply for the proposed system is a 6-inch drilled well equipped with a $7\frac{1}{2}$ hp submersible pump capable of producing approximately 30 gallons of water per minute. Standby water service will be provided through an existing spring producing approximately 5 gallons of water per minute. Water from this spring is to be boosted into the distribution system through the use of a one hp centrifugal pump.

Storage on the system will be provided through the use of a 42,000-gallon steel tank located at an elevation of 3,215 feet. Water pumped from the well and spring sources in excess of distribution requirements during off-peak periods will be utilized to maintain water in the storage tank. Pressures resulting therefrom will vary from approximately 40 to 100 psi in the system.

The proposed distribution system, as presently designed, will consist of 506 feet of 6-inch main and 4,840 feet of 4-inch main. An additional 200 feet of 2-inch main will be required to connect the spring to the distribution system. Asbestos-cement pipe will generally be used except in those locations where rocky terrain conditions would preclude the use of such material. In such areas

applicant proposes that 12-gauge dipped and wrapped steel pipe be utilized. Service connections will be made through the use of 1-inch galvanized pipe. Three wharf type hydrants are to be installed at various locations within Tract No. 2382.

Applicant's estimate of the cost of the above-described facilities is as follows:

Organization	\$ 1,000
Land	250
Structures	100
Well	7,448
Pumps	1,975
Reservoirs and Tanks	2,467
Transmission & Distribution Mains	16,000
Meters	600
Hydrants	105
Total	\$ 29,945

In addition, applicant alleges that approximately \$500 has been expended in the development of the spring.

Financing

Applicant requests authorization to issue approximately 3,014 shares of its \$10 par value capital stock to Mountain Shadows Development Company in exchange for the water system and \$200 for working cash, the actual number of shares issued to be dependent upon the actual cost of development of the system.

Operating losses during the development period of the system are to be absorbed by said Mountain Shadows Development Company, according to the application.

Rates

Applicant originally requested authorization for a limited temporary flat rate schedule and a metered service schedule. In its December 5, 1960 amendment to the application, applicant requested that service be authorized on a metered basis only. Therefore, the flat rate schedule proposed in the original application will not be authorized.

The schedule for general metered service is as follows:

Quantity Rates:		Per Meter Per Month
First	900 cu.ft. or less	\$ 3.45
Next	3,100 cu.ft., per 100 cu.ft.30
Over	4,000 cu.ft., per 100 cu.ft.16
Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 3.45
For	3/4-inch meter	5.00
For	1-inch meter	7.00
For	1½-inch meter	11.00
For	2-inch meter	17.00

The above-indicated schedule for providing water service on a metered basis is the same as the presently filed schedule for such service rendered by Arden Water Company.

Although fire hydrants are proposed to be installed in the subject tract, applicant did not request that fire hydrant rates be established. However, in order that such rates 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 and finds that a public hearing is not necessary, and that applicant's water system facilities as proposed appear to be properly designed to meet the minimum requirements of this Commission's General Order No. 103 and to furnish adequate water service in the area sought.

The Commission finds and concludes that public convenience and necessity require a granting of the certificate herein sought.

It appears and the Commission finds that applicant has the requisite financial ability to carry out the proposed construction and operation of the water system during the development period of the area when little or no return will be realized on the proposed utility operation. The order herein will authorize applicant to issue not more than 3,014 shares of its common stock at a par value of \$10

per share to be used for the acquisition of the system hereinbefore described.

The Commission is of the opinion, and so finds, that the money, property, or labor to be procured or paid for by the issuance of the securities herein authorized is reasonably required for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authorization herein granted shall not be construed to be a finding of the value of applicant's stock or properties nor indicative of amounts to be included in any future rate base for the purpose of determining just and reasonable rates.

The certificate of public convenience and necessity herein-after granted is 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 a consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

The above-entitled application having been filed, investigation having been made and the matter being ready for decision; therefore,

IT IS HEREBY ORDERED that Mountain Shadows Water Company, a corporation, be and it is 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 Record of Survey Tract No. 2382, Kern County, as shown on the map attached to the application as Exhibit D.

IT IS HEREBY FURTHER ORDERED that:

1. Applicant is authorized to file with this Commission after the effective date of this order, in accordance with the requirements of General Order No. 96, the rates set forth in Appendix A attached hereto to be effective on or before the date service is first furnished the public under the authority herein granted, together with rules and a tariff service area map acceptable to this Commission. 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 herein provided.

2. Applicant 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. Applicant 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 200 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 system properties of applicant.

4. 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. Applicant shall review the accruals as of January 1 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. If the authorization herein granted is exercised, applicant shall dedicate to public utility purposes the lot or land area on which the well, spring, pumping facilities and other water supply facilities are located and any easements or permits where water mains will be located, other than in public streets, and shall file 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.

6. Applicant, on and after the effective date hereof and on or before December 31, 1961, may issue not to exceed \$30,140 aggregate par value of its capital stock at par for the purposes hereinabove set forth.

7. Applicant shall file with this Commission a report, or reports, as required by General Order 24-A, which order in so far as applicable is hereby made a part of this order.

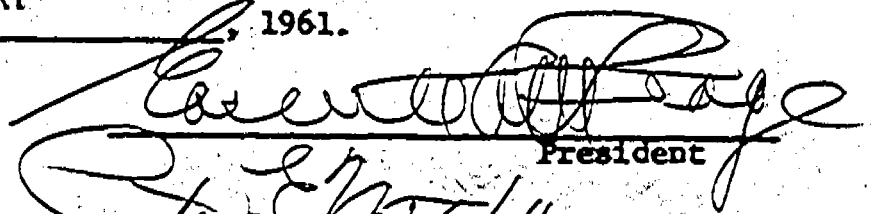
8. Prior to the date service is first furnished to the public under the authority herein granted, applicant shall (a) apply to the health authority having jurisdiction for a water supply permit for the proposed system, and (b) report to the Commission, in writing, that application has been made for such permit within 10 days thereafter.

9. In all other respects this application be and it is hereby denied.

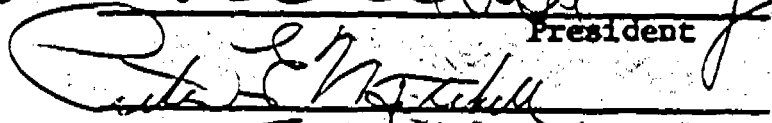
The authorization herein granted will expire if not exercised within one year of the effective date of this order.

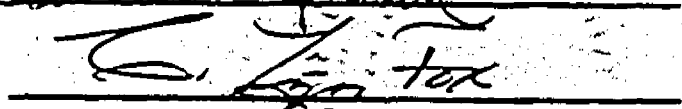
The effective date of this decision shall be twenty days after the date hereof.

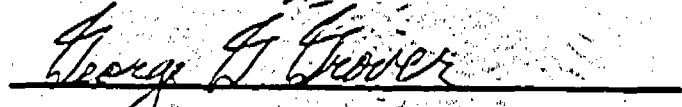
Dated at San Francisco, California, this 7th day of FEBRUARY, 1961.

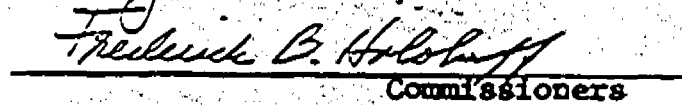


President









Commissioners

APPENDIX A
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Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Record of Survey Tract No. 2382, and vicinity, located approximately 4 miles southwest of the community of Kernville, Kern County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 900 cu.ft. or less	\$ 3.45
Next 3,100 cu.ft., per 100 cu.ft.30
Over 4,000 cu.ft., per 100 cu.ft.16
 Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.45
For 3/4-inch meter	5.00
For 1-inch meter	7.00
For 1 1/2-inch meter	11.00
For 2-inch meter	17.00

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 known as Record of Survey Tract No. 2382, and vicinity, located approximately 4 miles southwest of the community of Kernville, Kern County.

RATE

	<u>Per Month</u>
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 a result of its normal operation of the system.