

Decision No. 62092**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LINTON E. FORRESTER and ELEANOR)
 FORRESTER for a certificate of pub-)
 lic convenience and necessity to)
 operate a public utility water)
 system, and to establish rates for)
 water services in the unincorpo-)
 rated area described as HILL VIEW)
 ESTATES, and adjoining territory,)
 in the County of Madera, State of)
 California, under Section 1001 of)
 the Public Utilities Code of the)
 State of California.)

Application No. 41345
 (As Amended)

Maurice E. Smith, for applicants.
John E. Johnson and W. B. Stradley,
for the Commission staff.

O P I N I O N

Linton and Eleanor Forrester, by this application filed July 27, 1959, request authority to conduct their water distribution system as a public utility and to charge certain rates alleged to be fair and reasonable. The original system as installed cost \$18,500 and was constructed to serve 34 residential lots which applicants intend to sell to the public.

Public hearings were held before Examiner Rowe in Madera on November 24, 1959, and in Fresno on May 19, 1960, at which time the matter was submitted for decision. On July 28, 1960, the Commission set aside the submission and reopened the matter for the purpose of adducing evidence relative to the extent of compliance with General Order No. 103. No protest was filed to the granting of this application.

At the hearing in Madera applicant Linton Forrester testified that he and his wife owned all of the land involved. He also

described the system which he had installed. The staff introduced no evidence but requested a continuance for the purpose of determining whether the system as constructed met the minimum requirements of General Order No. 103. At the Fresno hearing said applicant testified that he proposed to make additions and improvements which he claimed fully met the requirements of said General Order. Subsequent to this hearing and on January 24, 1961, a second amendment was filed which describes the system as presently constructed. An amendment to an exhibit of this second amendment contains a revision of costs which indicates a total cost to the applicant of \$37,382.98 for construction, including 12 fire hydrants.

This amendment of the application and the exhibit are made a part of the record as well as a letter from the Madera County Health Department dated January 19, 1961, signed by the Director, Health and Medical Services by Director of Sanitation. This latter document is in the following words and figures:

"An inspection of the Hill View Estates Subdivision regarding the water supply was made by this department on the above date. A water sample was obtained and laboratory reports showed that it was potable for human consumption, at the time of sampling.

"The inspection also revealed new four inch plastic water mains had been installed which are capable of maintaining 150-pound pressure. This subdivision has a reservoir capable of impounding 85,000 gallons of water which is well sealed and protected from any surface contamination. Engineering reports received by the engineer who installed this system, assured this department that ample and potable water will be supplied by the owner. This department feels that the water system on this subdivision is adequate for the use intended."

The "Water Supply Permit" issued by the State Department of Public Health to Linton E. Forrester on June 2, 1960, now in the correspondence section of this file is also made a part of the record of this proceeding.

Since the date of the last hearing, applicants have replaced the major portion of the distribution system and some of the pumping equipment with facilities of larger capacity. The system in its present form meets the minimum requirements of this Commission's General Order No. 103 and appears adequate to furnish water service within the area for which a certificate is requested.

Although it appears that applicants do not intend to provide metered service at the present time, due to the wide difference between the rate of \$30 proposed for seasonal flat rate service and \$18 for the seasonal minimum meter charge for a 5/8 by 3/4-inch meter, the latter should be increased to \$27 to avoid discrimination in the charges for the two types of service. Minimum charges for larger meters should also be modified consistently with the charge for a 5/8 by 3/4-inch meter.

The area proposed to be served consists of approximately 35 residential lots in a subdivision known as Hill View Estates, located some 45 miles northeast of the City of Madera and three miles north of the community of Oakhurst, Madera County. This land has no other available source of water supply. The schedule of rates set forth in Appendix A is found to be fair and reasonable for the service to be rendered. We further find that public convenience and necessity require the construction and operation of a public utility water system by applicants within the area requested herein and specifically described in the following order. The Commission staff has carefully studied the system, the financial condition of applicants and the proposed rates and has recommended that the application be granted as hereinafter provided, without further hearing. This will be done and the matter is taken under submission.

The certificate of public convenience and necessity issued herein 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 the consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

Public hearings have been held herein and the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED:

1. That a certificate of public convenience and necessity is granted to Linton E. Forrester and Eleanor Forrester to construct and operate a public utility water system for the sale and distribution of water within the territory described in Exhibit D attached to the second amendment of the application and as particularly described as follows:

All of that subdivision tract described as Hill View Estates according to the plat thereof consisting of two sheets on file and of record in the office of the County Recorder of the County of Madera, California, and, in addition thereto, that five and seven hundredths acres on the southeast corner thereof, appearing on the second sheet as "Not Part of This Subdivision," consisting of approximately 80.27 acres.

2. That applicants are authorized to file the rates set forth in Appendix A attached to this order, to be effective on or before the day service is first rendered to the public under the authority granted herein, together with rules and a 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. That 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.

4. That within forty days after the system is placed in operation under the rates and rules authorized herein, applicants shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served for which this certificate is issued; the principal water production, storage, and distribution facilities; and the location of the various water system properties of applicants.

5. That applicants 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. Applicants shall review the accruals as of January 1 of the year following the date service is first rendered 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 the Commission.

6. That applicants shall dedicate to public utility purposes the lots or areas on which the wells, pumps, tanks and related water system facilities are located and all necessary easements or permits where water mains are or 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, one copy of each appropriate document showing such dedication, easement or permit.

7. That the certificate herein granted and the authority to render service under the rates and rules authorized herein will expire if not exercised within one year after the date hereof.

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

Dated at San Francisco, California, this 6th day of June, 1961.

Charles H. Pease
President
W. B. Spitznagel
E. L. Fox
George H. Grover
Frederick B. Holbrook
Commissioners

APPENDIX A
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Schedule No. 1S

SEASONAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Hillview Estates, and vicinity, located approximately 3 miles north of the community of Oakhurst, Madera County.

RATES

Per Meter
Per Month

Monthly Quantity Rates:

First	800 cu. ft. or less	\$ 4.50
Next	4,200 cu. ft., per 100 cu. ft.20
Over	5,000 cu. ft., per 100 cu. ft.10

Per Meter
Per Season

Seasonal Minimum Charge:

For	5/8 x 3/4-inch meter	\$27.00
For	3/4-inch meter	32.50
For	1-inch meter	43.00
For	1 1/2-inch meter	72.00
For	2-inch meter	95.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one-sixth of the Seasonal Minimum charge will purchase at the Monthly Quantity Rates.

(Continued)

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Schedule No. 1S

SEASONAL GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. Service may be taken under this schedule for either the summer season, April 1 through September 30 or the winter season, October 1 through March 31, or both seasons.
2. The seasonal minimum charge is payable in advance on or before the initial day of the season.
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.

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Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area known as Hillview Estates, and vicinity, located approximately 3 miles north of the community of Oakhurst, Madera County.

RATE

	<u>Per Service Connection</u> <u>Per Season</u>
For a single family residence	\$30.00

SPECIAL CONDITIONS

1. The above residential flat rate charge applies to service connections not larger than one inch in diameter.
2. All seasonal residential service not covered by the above classification will be furnished only on a metered basis.
3. Service may be taken under this schedule for either the summer season, April 1 through September 30 or the winter season, October 1 through March 31, or both seasons.
4. Meters may be installed at option of utility for above classification, in which event service thereafter will be furnished only on the basis of Schedule No. 1S, Seasonal General Metered Service.
5. The seasonal flat rate charge is payable in advance on or before the initial day of the season.

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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 Hillview Estates, and vicinity, located approximately 3 miles north of the community of Oakhurst, Madera County.

RATE

Per Month

For each wharf type hydrant \$1.50

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the monthly 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.