

Decision No. 62329

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 WILLIAM A. SUTTON COMPANY, FREDERICK A.)  
 KILNER and FLORENCE A. KILNER, doing )  
 business as MCKINNEY SHORES, for a )  
 certificate of public convenience and )  
 necessity to install and operate a )  
 public utility water system and to )  
 establish rates for water service in )  
 McKinney Shores, Lake Tahoe, Placer )  
 County, California. )

Application No. 42720

Devlin, Diepenbrock & Wulff, by Forrest A. Plant, for applicants.  
Quail Lake Water Company, by Raymond G. Kettenhofen; Don L. Kaastrup, John C. Siemens, Charles T. Johnson, in their own behalf, interested parties.  
W. B. Stradley, for the Commission staff.

O P I N I O N

Applicants' Request

William A. Sutton Company, a California corporation, Frederick A. Kilner, and Florence A. Kilner, doing business as McKinney Shores, filed this application on September 28, 1960, and an amendment thereto on February 9, 1961, requesting that the Commission grant them a certificate of public convenience and necessity to install and operate a public utility water system in certain unincorporated territory in Placer County near Lake Tahoe and to establish rates for the water service to be provided.

Public hearings were held before Examiner James F. Haley at Tahoe City on April 13 and May 3, 1961. The matter was taken under submission upon receipt of late-filed Exhibit No. 4 on May 9, 1961.

Petition for Substitution of Certain Applicants

On June 15, 1961, a petition was filed with the Commission for substitution of Sutton Investment Co. and Lira Motors, both California corporations, as applicants in place of William A. Sutton Company.

In the application and amendment thereto, William A. Sutton Company appears as the owner of an undivided one-half interest in the water system to be operated under the name of McKinney Shores - Water Service. The remaining undivided one-half interest is owned by Frederick A. Kilner and Florence A. Kilner. The petition states that on May 31, 1961, William A. Sutton Company sold, among other property, its undivided one-half interest in the water system to Sutton Investment Co. and Lira Motors as equal tenants in common.

The petition for substitution will be granted, and, as used hereinafter in this opinion and order, the word "applicants" will refer jointly to Sutton Investment Co., Lira Motors, Frederick A. Kilner, and Florence A. Kilner.

Service Area

The area for which a certificate is requested fronts on McKinney Bay on the west side of Lake Tahoe. It is located approximately one-quarter mile north of Chambers Lodge Post Office. The area is approximately 50 acres in size and is divided into approximately 100 lots. It includes most of McKinney Shores Subdivision and two lots adjoining the easterly end of the subdivision. The portion of the subdivision not included contains several lots of insufficient size for residences. There are several public utility water systems operating in the immediate vicinity of the area for which certification is sought. Two of these, Quail Lake Water Company and Madden Creek Water Company, serve areas contiguous to McKinney Shores Subdivision. No public utility, however, provides water service in the specific area applied for.

Description of Water System

Applicants come before the Commission with their water system, estimated to have cost approximately \$25,000, almost completely installed and ready to provide service. As its source of supply, the system will draw water from Lake Tahoe, by means of an electrically powered pump, into a 525-gallon pressure tank from which the water will be delivered into the distribution mains. These mains consist of some 8,000 feet of steel pipe ranging from 1 inch to 4 inches in diameter. A 12,000-gallon redwood tank located at the highest elevation within the tract will provide emergency storage.

In general, the system is well constructed. In several significant respects, however, it either does not meet the requirements of General Order No. 103 or is not constructed in accordance with good water works practice. The respects in which the system, as now constructed, is deficient are as follows:

1. The system contains nine dead ends for which no means of flushing has been provided.
2. Three of the dead ends considerably exceed the maximum lengths specified for noncirculating mains two inches and smaller in diameter.
3. There is no provision for reasonable continuation of an adequate supply of water in the event of failure of the present single source.

Applicants stipulated that they will modify the system to correct the first two of the above-enumerated deficiencies by installing flushing valves or looping the dead ends and, where required, by replacing mains too small in diameter with larger size pipe. Applicants further stipulated that they will correct the third of said deficiencies by installing a gas engine to provide emergency power for the presently installed pump in the event of

electric power failure. In addition, applicants' witness stated that an easement will be provided across or near Lot B for the possible future installation of a main through which water may be delivered from a future pumping plant to augment the supply at the easterly end of the distribution system.

In addition to the above-enumerated deficiencies, there are two other infractions of General Order No. 103. However, these infractions are so minor as to make it unnecessary to require applicants to replace installed mains with larger size pipe. These instances are the existing runs of 1½- and 1-inch main in Quail Creek Lane and the 2-inch, 1½-inch and 1½-inch main along the lake-shore serving Lots Nos. 5 to 9 of the subdivision.

#### Proposed Rates

Applicants propose rates of a level comparable with rates authorized by the Commission for other recently certificated water utilities in the Lake Tahoe area of Placer County. Flat rate service would be provided at an annual charge of \$60.00 for each connection. Metered service would be provided, at the option of the utility, at a base charge of \$54.00, entitling the user to 800 cubic feet per month. In the event of usage in excess of 800 cubic feet in any month, the charge would be 35¢ per 100 cubic feet for the next 1200 cubic feet and 30¢ per 100 cubic feet for all usage thereafter.

#### Findings and Conclusions

The Commission finds and concludes that:

1. Public convenience and necessity require the construction and operation of a public utility water system by applicants in the service area requested.
2. The rates and charges which applicants propose to charge are just and reasonable.
3. The certificate to be granted herein should not be permitted to become effective until applicants correct, in the manner

stipulated, the plant deficiencies enumerated as 1, 2, and 3 in the foregoing "Description of Water System".

4. The certificate to be granted should be limited to the area requested and applicants should not be authorized to extend service outside said area without further order of this 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 amounts referred to herein are not indicative of amounts to be included in a future rate base.

O R D E R

Public hearing having been held, evidence having been adduced, the matter having been submitted and now being ready for decision,

IT IS ORDERED that:

1. Certificate of public convenience and necessity be, and it hereby is, granted to Sutton Investment Co., Lira Motors, Frederick A. Kilner, and Florence A. Kilner, applicants, to construct and operate a public utility water system to serve the unincorporated area in Placer County described as McKinney Shores Subdivision, exclusive of those 18 lots the numbers of which include the suffix "A" or "B", and including the two lots adjoining the easterly end of said subdivision, one of which is to be owned by "Steele" and the other by "Wheeler"; said area is as shown on the maps designated Exhibit A of, and attached to, the original application and more particularly as shown on the map designated Exhibit 2

in this proceeding. This certificate is limited to the area so described and applicants shall not extend service outside said area without further authorization of this Commission.

2. The above-granted certificate shall not become effective until applicants correct, in the manner stipulated, the plant deficiencies enumerated as 1, 2, and 3 in the "Description of Water System" in the foregoing opinion. Applicants shall promptly notify the Commission in writing as to specific plant changes made to correct said deficiencies.

3. Prior to the date service is first furnished to the public under the authority granted herein, applicants shall apply to the appropriate health authority for a water supply permit for the system which will serve the area herein certificated. Within ten days thereafter, applicants shall advise the Commission that such application has been made.

4. Applicants are authorized to file, within thirty days after compliance with paragraph No. 2 of this order but not before 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 rendered to the public under the authority herein granted, together with rules and a tariff service area map acceptable to this Commission, all 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 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



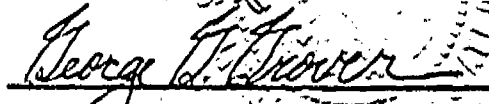

smaller than 400 feet to the inch, delineating by appropriate markings the tract of land and territory served, the principal water production, storage and distribution facilities, and the location of the various water system properties of applicants.

7. 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 this Commission.

The authorization granted herein will expire if not exercised on or before December 31, 1961.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 25th day of July, 1961.

  
 \_\_\_\_\_ President  
  
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 \_\_\_\_\_ Commissioners

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

APPENDIX A  
Page 1 of 3

Schedule No. 1

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including McKinney Shores Subdivision, and vicinity, located adjacent to the west shore of Lake Tahoe, approximately one fourth mile north of Chambers Lodge, Placer County.

RATES

	<u>Per Meter Per Month</u>
Monthly Quantity Rates:	
First 800 cu.ft. or less .....	\$ 4.50
Next 1,200 cu.ft., per 100 cu.ft. ....	.35
Over 2,000 cu.ft., per 100 cu.ft. ....	.30

	<u>Per Meter Per Year</u>
Annual Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 54.00
For 3/4-inch meter .....	72.00
For 1-inch meter .....	108.00
For 1 1/2-inch meter .....	177.00
For 2-inch meter .....	282.00

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. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance.
2. The charge for water used in excess of the quantity allowed each month for the annual minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative monthly consumption basis.



APPENDIX A  
Page 2 of 3

Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential flat rate water service furnished on an annual basis.

TERRITORY

The unincorporated area including McKinney Shores Subdivision, and vicinity, located adjacent to the west shore of Lake Tahoe, approximately one fourth mile north of Chambers Lodge, Placer County.

<u>RATE</u>	<u>Per Service Connection Per Year</u>
For a single family residence .....	\$60.00

SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished only on a metered basis.
2. Meters may be installed at option of utility only for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, Annual General Metered Service.

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 McKinney Shores Subdivision, and vicinity, located adjacent to the west shore of Lake Tahoe, approximately one fourth mile north of Chambers Lodge, 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. 1, Annual 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.