

ORIGINAL

Decision No. 63015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
HAVASU WATER COMPANY, a corporation,  
to establish and operate a water  
company.

Application No. 43017 ✓  
(Filed December 28, 1960)

John W. Bale, for applicant.  
Donald D. Mitchell, Mary D. Mitchell, William  
H. Carroll and Clyde E. Brower, interested  
parties.  
A. L. Gielegem and James G. Shields, for the  
Commission staff.

O P I N I O N

This application was heard before Examiner Kent C. Rogers at Havasu Landing, San Bernardino County, California, on July 27, 1961, on which date it was submitted subject to the filing of certain exhibits. Notice of hearing was published in accordance with the Commission's procedural rules.

Applicant requests the issuance of a certificate of public convenience and necessity to operate a utility water system in a service area comprising approximately 168 acres in the vicinity of Havasu Landing (Exhibit No. 1). Eventually there will be from 200 to 250 subdivided lots therein plus some services to nonsubdivided parcels. There was at the time of the hearing one completed subdivision of 23 lots approximately 75 feet by 100 to 120 feet each (Tract No. 5963). The president of the water company, Mr. John W. Bale, has one home in this tract, and is receiving water from the system. There were, in addition, two fire hydrants and 12 service

connections to nonsubdivided, individually owned, parcels in the proposed service area (Exhibit No. 1). Tentative Tract No. 6494 containing eight lots is adjacent to and east of Tract No. 5968 (Exhibit No. 3), and tentative Tract No. 6493 containing approximately 26 lots is immediately west of Tract No. 5968 (Exhibit No. 2).

Applicant's water supply consists of two wells at present.

Well No. 1 is located on the northeast edge of the proposed service area in the N $\frac{1}{2}$  of the SE $\frac{1}{2}$  of Section 36 (Exhibit No. 1). This well site, approximately 50 feet by 180 feet and owned by John W. Bale, is approximately 1,000 feet from Lake Navasu at an elevation of 30 feet above the lake. The water secured is seepage from the lake, and the level of the water in the well rises and falls with the level of the lake. It was drilled in 1958, is 462 feet deep and 8 inches in diameter, and produces 150 gallons of water per minute. It is equipped with a 10-horsepower submersible electric pump. At the time of the hearing there was no storage tank and only a 2,800-gallon pressure tank at this well site. Applicant's president stated that within 10 days to three weeks after the hearing applicant intended to install two 10,000-gallon storage tanks ordered prior to the hearing and replace the 2,800-gallon pressure tank with a 5,000-gallon pressure tank. Applicant estimates that the equipment proposed will give it a maximum flow of 250 gallons per minute at a pressure of 70 pounds per square inch (p.s.i.) at the pressure tank and 40 p.s.i. at the highest point in the system, which is approximately 20 feet above the lake.

Applicant's second well (Well No. 2) is in a 1/4-acre parcel of land owned by John W. Bale, in the SW corner of the N $\frac{1}{2}$  of the SW $\frac{1}{2}$  of Section 36 at a level of approximately 20 feet above the

lake. This well is 520 feet deep and 8 inches in diameter. It has been tested and has the same capacity as Well No. 1, and also secures its water from the lake. At present there is no pump on this well and it is not connected to the system. Applicant plans to place a 7-1/2-horsepower electric pump on this well and the 2,800-gallon pressure tank, now on Well No. 1. Because of the altitude of the well applicant assumes that in the event of a power failure when the well is connected to the system it will be possible in an emergency to obtain water by gravity flow from this tank. In order to connect this well to this system applicant would be required to install approximately 2,640 feet of 6-inch line.

Applicant received a temporary water supply permit, which expired October 1, 1961, from the State Department of Public Health for Well No. 1. This permit shows excessive solids and minerals in the water and required applicant to correct this condition before October 1, 1961. The applicant's witness stated that the Department of Public Health will renew this permit annually if necessary, and that the water as it is drawn from the well should become purer as the solids are leached out of the ground.

There is no evidence that the water from Well No. 2 is of acceptable quality. Applicant will, therefore, be required to obtain a permanent water supply permit or permits covering all of its sources of supply before the certificate granted herein becomes effective.

John W. Bale has financed the wells, tanks, pumps and facilities, and the major portions of the lines, and will transfer these items to the applicant when stock is issued in exchange therefor.

In addition to the two wells, applicant stated that there is available in the service area the well owned by a Mr. Diehl which allegedly is capable of producing 150 gallons of water per minute, and can be connected with a short line to the system. This well is in the vicinity of Well No. 1, and applicant stated that the water produced therefrom is of the same general quality as that in Well No. 1. Applicant plans to use this as a standby well. Applicant has allegedly secured an agreement for its use but a copy of this agreement has not been filed.

Applicant's president, as stated, has acquired the wells, tanks, and pumps, and portions of the transmission line. The Well No. 1 water is transmitted in a 6-inch line through Tract No. 5963 south along the line between the W $\frac{1}{2}$  and the E $\frac{1}{2}$  of Section 36 to the northern portion of the Marlin property (Exhibit No. 1). Lines have been run from the transmission line to the Brower, Rickhart, Wyatt, Mitchell, Bale, Baglio, Morris, and Gallatini properties as well as three homes along the line between the SW $\frac{1}{2}$  and the SE $\frac{1}{2}$  of Section 36.

The following parties have advanced the following amounts to the costs of the 6-inch line and the necessary 2-inch connecting line, and most of them, as indicated, now are receiving water.

<u>Name</u>	<u>Amount</u>	<u>Connected</u>
Sam Baglio	\$ 996.28	Yes
James Gallatini	997.34	"
Leonard Morris	1,600.77	"
Kavasu Landing	1,448.44	No
Kenneth Parsons	1,302.00	"
Dewey Wyatt	600.00	"
Don Mitchell	1,017.27	"
John Marlin	1,302.00	"
Clyde Brower	777.00	"
Al Rickhart	350.00	"
Total Advances	\$10,391.10	

Applicant proposes to secure and file with this Commission agreements relative to these advances under the same terms as a main extension to serve subdivisions under a refund agreement, that is, 22 percent over a period of 20 years. The applicant will submit the agreements relative to refunds to the Commission for its approval when they have been executed.

All services are to be metered eventually, but for approximately six months applicant proposes a flat rate. The following metered and flat rates are proposed:

	<u>Per Meter Per Month</u>
Minimum charge (including first 800 cubic feet of water)	\$5.00
Next 1,400 cubic feet per 100 cubic feet	.26
Next 3,000 cubic feet per 100 cubic feet	.24
Over 5,200 cubic feet per 100 cubic feet	.18
Flat rate per connection per month	5.00

Inasmuch as more than six months will have elapsed between the date of the hearing and the date the certificate granted herein becomes effective, there is no need to establish a schedule of flat rates.

Two fire hydrants have been placed in Tract No. 5968, as required by San Bernardino County authorities, but there is presently no fire protection agency in the area. Applicant's president has agreed to file a schedule of rates for public fire hydrant service. Schedule No. 5, Public Fire Hydrant Service, is included in Appendix A of this order.

John W. Bale is the president of the corporation, Hazel Bale, his wife, is the secretary and treasurer, and Thomas W. Bale is the vice president.

Applicant will request that stock in exchange for the system as constructed by John W. Bale be issued to John W. Bale and his wife Hazel Bale. The request for such authority will be submitted in a separate application.

Applicant estimates it will eventually have 200 consumers in the area of which 100 will be full-time residents and 100 will be part-time residents. It estimates revenues of \$7,500 per year and that the cost of operation will be \$5,640 per year.

Applicant's president has financed and paid for the system to date except for the above-referred to advances toward the cost of the system. Applicant's president will advance the necessary funds to complete the system and maintain it, and funds with which to continue operations in the event of a shortage.

#### Findings and Conclusions

Upon consideration of the evidence the Commission finds and concludes as follows:

1. That public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. That applicant should have the ability to acquire the water system, when stock is issued to applicant's president in exchange therefor.
3. That the rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.
4. That after the quality of the water has been improved, by treatment or otherwise, the water supply and distribution facilities to be acquired by the applicant should provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103.

5. That applicant should be required to secure a permanent water supply permit from the County of San Bernardino or State Department of Public Health and submit a copy of it to the Commission.

The certificate herein 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.

O R D E R

A public hearing having been held and based upon the evidence therein adduced,

IT IS ORDERED that:

1.a. A certificate of public convenience and necessity is granted to Havasu Water Company, a corporation, authorizing it to construct and operate a public utility water system for the distribution and sale of water within the areas described as follows:

The N $\frac{1}{2}$  of the SW $\frac{1}{2}$  of Sec. 36, T5N, R24E, SBB&M, and the N $\frac{1}{2}$  of the SE $\frac{1}{2}$  of Sec. 36, T5N, R24E, SBB&M, and the W 200' of the S $\frac{1}{2}$  of the SE $\frac{1}{2}$  of Sec. 36, T5N, R24E, SBB&M, all in San Bernardino County, California.

b. The certificate granted herein shall not become effective until applicant shall have:

- (1) Filed Exhibits Nos. 5 and 7 in this proceeding.
- (2) Provided in a manner acceptable to this Commission, for the continuation of a reasonably adequate supply of water in case of failure of applicant's proposed primary source from its Well No. 1.

- (3) Obtained, from the public health authority having jurisdiction, a permanent water supply permit covering all sources of supply proposed to be used.
- (4) Acquired by purchase all of the utility plant used in the system and presently owned by John W. Bale, applicant's president.
- (5) Presented to this Commission, in writing, satisfactory evidence of compliance with the foregoing Items (1), (2), (3) and (4).

2. Applicant shall not extend service outside of the territory certificated herein without authority first having been obtained from this Commission.

3. Applicant is authorized to file, after compliance with paragraph 1.b of this order, the schedules of rates and charges 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 governing service to customers, a tariff service area map and sample copies of printed forms normally used in connection with customers' services in accordance with the requirements of General Order No. 96. Such rates, rules, tariff service area map and forms shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

4. Applicant 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.

5. Applicant shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale not smaller than 300 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 applicant.

6. Applicant shall determine accruals for depreciation by dividing the original cost of the depreciable utility plant, less estimated future net salvage and less depreciation reserve, by the estimated remaining life of the depreciable 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 depreciable utility plant composition occur, and at intervals of not more than three years. Results of these reviews shall be submitted to this Commission.

7. If the authorization herein granted is exercised, applicant shall expressly dedicate to public utility purposes the land, parcels or areas, other than those covered by United States Government leases, on which the wells, pumps, tanks and related water facilities are located, and any easements or permits where water mains are located, otherwise than in streets dedicated to public use.

8. 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 effective date of this order.

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

Dated at San Francisco, California, this 9<sup>th</sup> day of JANUARY, 1962.

Walter A. L. [Signature]  
President

[Signature]

[Signature]

George H. Crover

-9- Fredrick B. Halbach  
Commissioners

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tract No. 5968, and vicinity, located near Havasu Landing, approximately 28 miles south of Needles, San Bernardino County.

RATES

Per Meter  
Per Month

Quantity Rates:

First	800 cu.ft. or less .....	\$ 5.00
Next	1,400 cu.ft., per 100 cu.ft. ....	.26
Next	3,000 cu.ft., per 100 cu.ft. ....	.24
Over	5,200 cu.ft., per 100 cu.ft. ....	.18

Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 5.00
For	3/4-inch meter .....	6.00
For	1-inch meter .....	8.50
For	1 1/2-inch meter .....	14.00
For	2-inch meter .....	20.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

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## Schedule No. 5

PUBLIC FIRE HYDRANT SERVICEAPPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized fire districts and other political subdivisions of the State.

TERRITORY

The area known as Tract No. 5968, and vicinity, located near Havasu Landing, approximately 28 miles south of Needles, San Bernardino County.

RATES

<u>Type of Hydrant</u>	<u>Per Hydrant Per Month</u>	
	<u>Size of Main</u>	<u>Supplying Hydrant</u>
	<u>Under 6"</u>	<u>6" or Over</u>
4-inch Riser Type Hydrant .....	\$ 2.25	\$ 2.50
4-inch Standard Type Hydrant .....	3.00	3.25
6-inch Standard Type Hydrant .....	-	4.00

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 the result of its normal operation of the system.