

**ORIGINAL**Decision No. 64197

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LAWRENCE E. SMITH  
and BERYL S. SMITH, dba West Tahoe  
Water Company, to operate a water  
system at Lake Tahoe, El Dorado  
County, California, and to estab-  
lish rates.

Application No. 44243  
(Filed March 6, 1962)

Lawrence E. Smith and Beryl S. Smith,  
*in propriae personae.*  
L. L. Thormod and W. B. Stradley,  
for the Commission staff.

O P I N I O N

This application was heard before Examiner Thomas E. Daly at Tahoe City on June 20, 1962, on which date the matter was submitted upon the receipt of late-filed Exhibit No. 3, since filed and considered. There was no appearance in protest to the authority sought.

Proposed Area

Applicants request the issuance of a certificate of public convenience and necessity to construct a public utility water system in El Dorado County. The area is located at Rubicon Bay and is known as Rubicon Bay Vista Subdivision, Units Nos. 1 and 2. It includes approximately 15 acres, which have been divided into 30 lots. The property is being subdivided by applicants, husband and wife, doing business as West Tahoe Water Company. They do not operate any other public utility water system in the State of California. Although there have been no requests as yet, applicants indicate a willingness to extend service to an area

adjacent to the north which is presently under development. As of March 6, 1962, applicants indicated a net worth in the amount of \$508,331.57.

Service in the general area is being provided by Meeks Bay Vista Mutual Water Company, a mutual organization, and Rubicon Water Company, which is subject to the jurisdiction of this Commission. Both are immediately adjacent to the proposed area; however, according to applicants neither is capable of nor willing to serve applicants' property.

#### Proposed System

The distribution system within the area is proposed to consist for the most part of 6-inch diameter Class 150 asbestos-cement pipe. The service connections are to be 2-inch diameter, galvanized pipe, which will extend from the distribution main and branch down to two 1-inch diameter services, one of which will serve each lot. Five steamer-type fire hydrants will be installed. Water will be supplied from the creek source to a reservoir which has a capacity of approximately 200,000 gallons and which was formed by the construction of a small dam. Water will be delivered to the service area through one mile of 3-inch diameter steel main. The water will be stored in a distribution tank located on nearby government property, which applicants may use under a duly issued permit. The site of the storage tank will be at a sufficient elevation to furnish no less than 25 pounds per square inch pressure at the highest service connection.

#### Proposed Rates

Applicants propose an annual flat rate charge of \$96 per year for a single family residential unit, and a comparable schedule of general metered service rates. They also propose a fire hydrant rate of \$3 per hydrant per month.

Staff Recommendations

The staff conducted an investigation of the area and facilities covered by the application on May 12, 1962. It was the opinion of the staff witness that the system, as constructed and as proposed, appeared to be properly designed to furnish adequate service in the proposed area. The staff witness was further of the opinion that the estimated investment in utility plant of \$43,350.10 was exceedingly high in relation to the number of customers to be served initially. Applicants have included such items as easements valued at \$2,000, a jeep used exclusively by the water company, and a plant development adjustment in the amount of \$6,166.54, which represents Mr. Smith's construction service valued at \$5 an hour. Late-filed Exhibit 3, filed by applicants at the request of the staff, represents a detailed breakdown of utility plant cost to date. It is conceded by the staff, however, that the great distance from the proposed service area to the source of water supply contributes to the high cost. It is further conceded that with the system capable of serving many times the number of lots within the two subdivisions, possible extended service to the area north thereof could substantially reduce the present \$1,680 per customer cost.

The staff witness was of the further opinion that the proposed rates are considerably higher than rates of other utilities of similar nature operating in the Lake Tahoe area. The rates of nearby recently certificated water utilities operating under generally similar conditions vary from \$60 to \$72 per year for a residence.

Findings and Conclusions

After consideration the Commission finds and concludes as follows:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.

2. Applicants possess the financial resources to construct and operate the proposed water system.

3. The proposed rates are excessive. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.

4. Applicants' water supply and distribution facilities will provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103.

Applicants are hereby placed on notice that the Commission, in any future proceeding will not be bound to recognize, for rate-making purposes, the costs of utility plant set forth in this proceeding. Applicants are directed to make application to the appropriate health authority for a water supply permit.

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.

O R D E R

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

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Lawrence H. Smith and Beryl S. Smith authorizing them to construct and operate a public utility water system within Rubicon Bay Vista Subdivision, as that area is set forth in Exhibit No. 1 attached to the application in this proceeding.

2. Applicants are authorized to file with this Commission, after the effective date of this order and prior to the date service is first rendered to the public under the authority herein granted, in a manner acceptable to the Commission and in conformity with the provisions of General Order No. 96-A, the schedules of rates and charges set forth in Appendix A attached to this order, together with rules governing service to customers, a tariff service area map showing definite boundaries, and sample copies of printed forms to be used in connection with customers' services. Said rates, rules, tariff service area map and forms shall become effective upon five days' notice to the public and to this Commission after filing as hereinabove provided.

3. 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. 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.

5. Beginning with the year 1962, applicants shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3 percent. This rate shall be used until review indicates that it should be revised. Applicants shall review the depreciation rate, using the straight-line remaining life method, when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

6. Prior to the date service is first furnished to the public under the rates and rules authorized herein, applicants shall (a) apply to the appropriate public health authority for a water supply permit for the system which will serve the area herein certificated, and (b) report to the Commission in writing, within ten days thereafter, that such application has been made.

7. The authority herein granted will expire if not exercised within one year after the effective date hereof.

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

Dated at San Francisco, California, this 21st day of AUGUST, 1962.

George T. Crover  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners

APPENDIX A  
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## Schedule No. 1A

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The area known as Rubicon Bay Vista Subdivision, and vicinity, located about  $1\frac{1}{2}$  miles south of Meeks Bay, Lake Tahoe, El Dorado County.

RATES

	Per Meter Per Month
Monthly Quantity Rates:	
First 600 cu.ft. or less .....	\$ 5.50
Next 1,400 cu.ft., per 100 cu.ft. ....	.40
Next 3,000 cu.ft., per 100 cu.ft. ....	.35
Next 5,000 cu.ft., per 100 cu.ft. ....	.30
Over 10,000 cu.ft., per 100 cu.ft. ....	.20
Annual Minimum Charge:	
For $5/8$ x $3/4$ -inch meter .....	\$ 66.00
For $3/4$ -inch meter .....	84.00
For 1-inch meter .....	120.00
For $1\frac{1}{2}$ -inch meter .....	180.00
For 2-inch meter .....	300.00

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. A customer who is a year-around resident of the area, and has established his permanency by

(Continued)

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

having paid for service during the preceding 12 months, may elect to pay the annual minimum charge in advance on a monthly basis equal to one-twelfth of the annual minimum charges.

2. 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.



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Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The area known as Rubicon Bay Vista Subdivision, and vicinity, located about  $1\frac{1}{2}$  miles south of Meeks Bay, Lake Tahoe, El Dorado County.

RATE

Per Service Connection  
Per Year

For a single-family residential unit, including premises .....	\$72.00
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SPECIAL CONDITIONS

1. The above residential flat rate applies to service connections not larger than one inch in diameter.
2. All service not covered by the above classification shall be furnished only on a metered basis.
3. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual General Metered Service.
4. The annual flat rate charge is payable in advance on or before January 1 of each year. A customer who is a year-around resident of the area, and has established his permanency by having paid for service during the preceding 12 months, may elect to pay the flat rate charge on a monthly basis equal to one-twelfth of the annual flat rate charge.

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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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 Rubicon Bay Vista Subdivision, and vicinity, located about 1 1/2 miles south of Meeks Bay, Lake Tahoe, El Dorado County.

RATE

	<u>Per Month</u>
For each hydrant .....	\$3.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1A, Annual General Metered Service.
2. The cost of installation and maintenance of hydrants shall be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
5. 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.