

**ORIGINAL**Decision No. 64250

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Don Koontz to operate  
 a water system in Berta Canyon, Monterey  
 County; and to establish rates.

) Application No. 44196  
 (Filed February 19, 1962)

John R. Lamoreaux, for applicant.  
W. B. Stradley, for the Commission staff.

O P I N I O N

This matter was heard before Examiner John K. Power at Salinas on May 3, 1962. It was then submitted subject to the filing of a pump test, as a late filed exhibit. This exhibit was received on May 22, 1962, and the matter is ready for decision.

The area for which a certificate is requested, Berta Canyon Subdivision No. 1, Tract No. 175, except Lot No. 32, is located approximately 10 miles north of the City of Salinas, Monterey County, in a community known as Prunedale. It encompasses an area of about 55 acres which has been divided into 33 residential lots ranging from about 1½ acres to as large as 10 acres. Elevations within the tract vary about 180 feet from highest to lowest lots. Most of the lots within the tract, although large in size, have relatively small practical usable area because the rear portion of most of these lots rises abruptly and is rocky and unsuitable for gardening. Because construction progress is expected to be slow, it is anticipated that the tract will not be fully developed for several years.

Applicant has indicated the possibility of additional areas being subdivided near the above-described area. However,

no further development is anticipated in the near future. The topography of the area indicates that a completely separate water system would be required to serve any such additional areas. There are about 15 homes in the immediate vicinity of Berta Canyon Subdivision No. 1 which now have individual wells. With slight additional capital expenditure, these existing residences could be furnished water from the Koontz Water System as presently constructed.

Applicant, who is the developer of the tract, is building houses on some of the lots and others are being sold without houses. He does not own or operate any other public utility water system.

The nearest public utility water system to the area requested to be certificated is that of Bolsa Knolls Water Company, about five miles to the south. A small mutual water company known as Rolling Hills Rancho Mutual Water Company furnishes water service about 2 miles north of the subject area.

The water supply for this system is to be obtained from an existing well located near the center of the tract. This well had a tested capacity of 151 gallons per minute at 204 feet pumping water level on May 8, 1962, when tested by Pacific Gas and Electric Company (Exhibit No. 4). This well is equipped with a deep-well turbine pump directly connected to a 25-hp electric motor. The capacity of this pump was 151 gallons per minute against a total discharge head of 451 feet. It discharges directly into the distribution main, from which water is delivered to the various lots within the tract through 3/4-inch diameter service connections, and also to an elevated 25,000-gallon redwood storage tank located near the southeasterly edge of the tract at an elevation of 43 feet above the highest lot. This elevation is sufficient to furnish

water pressures varying between about 78 and 113 pounds per square inch. The distribution system consists of about 4,500 feet of 4-inch main running the length of the tract. A 5/8 x 3/4-inch meter will be installed on each service connection as requests for water service are received. Seven fire hydrants are to be installed within the service area.

A water supply permit has been issued to applicant by the Director of Public Health, Monterey County.

The water system as proposed appears to be properly designed to furnish adequate service in the area requested to be certificated. It conforms with the Commission's General Order No. 103, "Rules Governing Water Service, Including Minimum Standards for Design and Construction."

The 25,000-gallon storage tank should be sufficient to provide for the reasonable continuation of an adequate supply of water for 30 customers during periods of as much as two days when the single well source is shut down for maintenance or repairs. If the actual consumption per customer is higher than estimated, additional storage may be needed.

Except for fire protection service, applicant intends to furnish water primarily on a metered basis and has requested that the following quantity rates be authorized:

	<u>Per Month</u>
First 500 cu.ft. or less . . . . .	\$10.00
Next 500 cu.ft., per 100 cu.ft. . . . .	.90
Over 1,000 cu.ft., per 100 cu.ft. . . . .	.50

No request has been made for minimum charges for various sizes of meters. A fire hydrant rate of \$1.75 per month per hydrant has been requested.

Applicant has estimated an average monthly water usage of 1,400 cubic feet, which at the requested level of rates would produce a monthly revenue of \$16.50 per customer (\$198 per year).

Applicant's estimate of expenses averages \$122.80 per year per customers (\$10.23 per month).

Applicant's requested rates are substantially higher than the rates authorized for many small water utilities under the jurisdiction of this Commission operating under generally similar conditions.

Applicant's estimate of expenses also appears to be high. The estimated expenses appear to be inaccurate in several instances. Power costs are estimated at \$1,000 per year, whereas calculations based upon applicant's estimated water usage and electric schedules in effect in this area would indicate an annual pumping cost somewhat less than \$400 per year. Taxes are estimated by applicant at \$300. Based upon applicant's calculated net revenue of about \$2,000, combined state and federal income tax alone, not considering ad valorem taxes, would amount to \$416. Applicant's estimate of expenses for items such as office supplies, meter reading, book-keeping, billing, insurance, legal and accounting fees total \$1,350 per year or \$3.75 per month per customer which amount is exceedingly high for these items.

The average estimated investment in utility plant of \$999 per lot is very high when compared with other recently constructed systems of similar characteristics. In this particular system, however, approximately two thirds of the total length of distribution

main within the tract will furnish service to one side of the street only.

The present record does not present evidence which would sustain rates as high as proposed.

The Commission finds that:

1. Public convenience and necessity require the granting of a certificate to applicant as sought in the application.
2. The rates attached to the following order are fair and reasonable.
3. A water supply permit has been obtained for this system from the Monterey County Director of Public Health.

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 Don Koontz, authorizing him to construct and operate a public utility water system for the distribution and sale of water within the area delineated on the map attached to the application and designated Exhibit "C" thereto.

2. Applicant is 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. 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.

4. 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 of not more than 200 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 applicant.

5. Beginning with the year 1962, applicant 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. Applicant 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.

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

Dated at San Francisco, California, this 11th day of SEPTEMBER, 1962.

George G. Grover  
President

D. Lynn Fox

Frederick C. Halaloff

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Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

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

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Berta Canyon Subdivision No. 1, Tract No. 175, and vicinity, located about one-half mile east of U. S. Highway 101 at Prunedale, Monterey County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 800 cu.ft. or less . . . . .	\$ 5.00
Next 1,200 cu.ft., per 100 cu.ft. . . . .	.40
Next 3,000 cu.ft., per 100 cu.ft. . . . .	.30
Over 5,000 cu.ft., per 100 cu.ft. . . . .	.25
Minimum Charge:	
For 5/8 x 3/4-inch meter . . . . .	\$ 5.00
For 3/4-inch meter . . . . .	6.75
For 1-inch meter . . . . .	10.00
For 1 1/2-inch meter . . . . .	17.00
For 2-inch meter . . . . .	24.00

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



Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The area known as Borta Canyon Subdivision No. 1, Tract No. 175, and vicinity, located about one-half mile east of U. S. Highway 101 at Prunedale, Monterey County.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit, including premises . . . . .	\$ 6.00
For each additional single-family residential unit on the same premises and served from the same service connection. . . . .	4.00

SPECIAL CONDITIONS

1. The above residential flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if either the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.

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 Berta Canyon Subdivision No. 1, Tract No. 175, and vicinity, located about one-half mile east of U. S. Highway 101 at Prunedale, Monterey County.

RATE

	<u>Per Month</u>
For each hydrant . . . . .	\$ 1.75

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 shall be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. Fire hydrants will 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.