

ORIGINAL

Decision No. 65127

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 H. R. Klauser III and Richard Woike,)
 Jr., dba Sierra King Water Company,)
 a privately owned company, for a)
 Certificate of Public Convenience)
 and Necessity to operate a public)
 utility water system and to establish)
 rates for water service in an)
 unincorporated area east of Three)
 Rivers just south of Highway 198)
 known as Tract No. 367, as set forth)
 in Section 1C01 of the Public Utility)
 Code.)

Application No. 44659
(Filed July 24, 1962)

O P I N I O N

Applicants Klauser and Woike seek a certificate to serve water in Tract No. 367, Tulare County. A field investigation by an engineer of the Hydraulic Branch of the Commission resulted in a report dated December 19, 1962. This report is incorporated in the record as Exhibit 1. A communication from applicants purporting to amend the application will be received as Exhibit 2.

Tract No. 367, consisting of about 30 acres is located on Mineral King Road near its junction with State Highway 198. It is about 5 miles northeast of the community of Three Rivers. The survey location is part of the NE 1/4 of the NE 1/4 of Section 8 and of the NW 1/4 of the NW 1/4 of Section 9, T18S, R29E, MDB&M. There is a mutual water company at Three Rivers. The nearest utility water system is at Lemon Cove thirteen miles away. The subdivision will contain 23 lots of approximately 20,000 square feet over-all area.

The proposed source of supply is a 12" x 200' well that has been tested at 400 gpm. Equipped with a 10 hp. motor on the

pump it is capable of delivering about 150 gpm against system pressure. A 10,000-gallon steel pressure tank at the well site will be set for 40-55 pounds per square inch pressure at the tank. For the system as a whole pressures of 30-80 psi are expected. A smaller well with a 5 hp. pump is alleged to be available as a standby source. It is capable of delivering about 80 gpm against system pressure. It is to be connected in the event of temporary failure of the primary supply.

The distribution system, as proposed, will consist of about 1,850 feet of 6-inch and 4-inch diameter pipe. A one-inch service is to be laid to each lot. Two wharf type fire hydrants will be installed.

Applicants have estimated the cost of installation of this system at approximately \$22,320 or about \$970 per service. This is very high. However, the rocky nature of the soil (in foot-hill or mountainous area) substantially increased the cost of well drilling and trenching. Furthermore, the large size of the lots required a more than usual footage of distribution line per service.

Applicants propose an annual flat rate of \$72. The first year is to be payable in advance. After one year the customer can elect to pay in advance on a monthly, bimonthly or quarterly basis in accordance with billing periods to be established.

A hypothetical statement of results of operation based on an assumed complete occupation would be as follows:

Revenue - \$72 x 23		\$1,656
Expenses ¹		
Power	\$425	
Administration	175	
Taxes	75	
Maintenance & Repairs	<u>75</u>	750
Depreciation (.03 x 19,520)		586
Net Revenue		320
Average Rate Base (First year)		22,027
Rate of Return		1.4%

¹Estimated by applicants.

It should be noted that, if adjacent areas are subdivided and served, there should be a substantial reduction in cost per service.

The flat rate proposed is higher than those prevailing in the more level parts of Tulare County, namely, \$4.00 to \$4.50 per month. However, most of these other rates have a charge for area in excess of 8,500 to 10,000 square feet. This charge is usually \$.03 per 100 square feet. With a \$4 rate and an allowance of 10,000 square feet the total monthly charge for a 20,000 square feet lot would be \$7 per month, which exceeds charges under the rate proposed by applicants. In view of this fact the proposed rates are not unreasonable.

The Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the following order.
2. Applicants possess the financial resources to construct and operate the proposed water system.
3. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.

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

5. A water supply permit from the health authority having jurisdiction has not been applied for.

The certificate hereinafter granted shall be subject to the following provision of law:

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 action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to H. R. Klauser III and Richard Woike, Jr., authorizing them 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 Exhibit 2 in this proceeding, namely Tract No. 367, Tulare County.

2. Within one year after the effective date of this order, applicants are authorized to file the rates set forth in Appendix A attached to this order, to be effective on or before the date service is first furnished to the public under the authority herein granted, together with rules and a tariff service area map, acceptable to this Commission and in conformity with General Order No. 96-A. After having been so filed, such rates, rules and tariff service area map shall become effective upon five days' notice to this Commission and to the public.

3. Within ten days after the date service is first rendered to the public under the rates and rules authorized herein, applicants shall so notify this Commission, in writing.

4. Within thirty days after the system is placed in operation under the rates and rules authorized herein, applicants shall file four copies of a comprehensive map, drawn to an indicated scale of not more 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 1963, 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.

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

Dated at San Francisco, California, this 21st day of MARCH 4, 1963.

George L. Brown
President

[Signature]

[Signature]

Frederick B. Hill

[Signature]
Commissioners

APPENDIX A
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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The area known as Sierra King Ranch, and vicinity, located about 5 miles northeast of Three Rivers, Tulare County.

RATES

Monthly Quantity Rates:		<u>Per Meter Per Month</u>
First	800 cu.ft. or less	\$ 5.25
Next	1,200 cu.ft., per 100 cu.ft.30
Next	2,000 cu.ft., per 100 cu.ft.26
Over	4,000 cu.ft., per 100 cu.ft.23

Annual Minimum Charge:		<u>Per Meter Per Year</u>
For	5/8 x 3/4-inch meter	\$ 63.00
For	3/4-inch meter	78.00
For	1-inch meter	108.00
For	1 1/2-inch meter	183.00
For	2-inch meter	252.00

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. If a permanent resident of the area has been a customer of the utility for
(Continued)

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (Continued)

at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated minimum charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three hundred sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The area known as Sierra King Ranch, and vicinity, located about 5 miles northeast of Three Rivers, Tulare County.

RATES

Per Service Connection
Per Year

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

SPECIAL CONDITIONS

1. The above 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, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
4. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

(Continued)

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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS (Continued)

5. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three hundred sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

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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 Sierra King Ranch, and vicinity, located about 5 miles northeast of Three Rivers, Tulare County.

RATE

	<u>Per Month</u>
For each wharf-type hydrant	\$ 2.00

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.