

ORIGINALDecision No. 68559

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Walter S. Johnson, Jr.,
 as owner (BEAR TRAP RIDGE WATER COMPANY)
 for a certificate of public convenience
 and necessity to operate a public
 utility system (water) in and adjacent
 to the area of the proposed Bear Trap
 Ridge Development, in Tulare County;
 and to establish rates for the service
 of water therefrom.

Application No. 46718
 (Filed June 12, 1964;
 Amended November 27, 1964)

O P I N I O N

After this application was filed, an engineer of the Commission's Hydraulic Branch made a field investigation. A copy of his report, dated December 16, 1964, will be incorporated in this record as Exhibit No. 1.

The certificate requested is for Unit 1 of Bear Trap Ridge Development, which contains approximately 14 acres. It is located in Sequoia National Forest in Section 21, Township 24 South, Range 31 East, M.D.B. & M., in an unincorporated area of Tulare County, approximately 30 miles east of the community of Ducor at an elevation of 5,100 feet above sea level. This tract, which has not yet been approved and numbered by the county, consists of 38 residential lots averaging about one-third acre each. It is being developed by applicant as a resort-residential type tract. Subdividing of applicant's surrounding land is anticipated within the next several years. The closest known water system to this area is Ducor Water Company, a mutual water system operating in the community of Ducor.

The planned source of supply will be wells. The first well has been drilled. It is 7 inches in diameter and 367 feet deep. It is to be equipped with a 2-hp submersible pump capable of delivering 20 gallons per minute, the estimated capacity of the well, directly into a proposed 50,000-gallon storage tank. From this tank two booster pumps capable of delivering a total of 250 gpm against a head of 150 feet will deliver water into a 2,500-gallon pressure tank, thence to the distribution system. Customer services are to be provided at pressures varying from 25 pounds per square inch to about 60 pounds per square inch, depending upon the elevation of the individual service connections within the area to be served.

The well driller, upon completion of the well on July 25, 1964, made a preliminary forced air test of the well which indicated a capacity of 20 gpm. A sustained pumping test should be made to determine an accurate production capacity. Exhibit B, attached to the application, shows that applicant's engineer has estimated that the proposed initial production and storage facilities will be adequate to serve as many as 50 customers. His conclusion is based upon an estimated average peak daily use of 300 gallons per customer. The staff engineer estimates that with a well capable of producing 20 gpm the facilities as designed are adequate to furnish service to at least the 38 services contemplated in the proposed tract.

The distribution system, as planned, will consist of approximately 1,120 feet of 6-inch and 875 feet of 4-inch Class 150 asbestos-cement pipe, and a total of 210 feet of 2- and 1½-inch Schedule 40 polyvinyl chloride plastic pipe laid in streets within the area to be served. The 6-inch pipe will facilitate expansion of

the system at some future time. The small diameter pipe proposed to be used will serve short dead-end streets where it is not anticipated future extension will take place. Blow-off valves will be installed at all dead-end mains, and applicant's representative stated that a program for the regular flushing of mains at these points will be established. Service connections of polyvinyl chloride plastic pipe will be primarily 1-inch diameter from the distribution main, branching to two 3/4-inch services to individual lots. Some single services will be necessary. These will be 3/4-inch diameter from distribution main to lot line.

The water system facilities as proposed appear to be properly designed to furnish adequate service in the area requested to be certificated. They substantially conform with this Commission's General Order No. 103, "Rules Governing Water Service Including Standards for Design and Construction".

Applicant's estimate of utility plant is summarized in Exhibit E attached to the amended application. The total estimated cost of \$20,016 includes all facilities necessary to furnish service to the area for which the certificate has been requested. The utility plant cost of about \$527 per customer appears reasonable when compared with the cost of recently constructed systems of similar characteristics. Applicant proposes to finance the construction and operation of the utility from his own funds.

Applicant has requested that he be authorized to file schedules for flat, metered and fire hydrant service. The requested schedules are attached to the amended application as exhibits. The requested rates are at the same level as some recently authorized by the Commission for water systems of similar characteristics. The

schedules attached hereto as Appendix A are the same as requested. Service will be provided under the flat rate schedule.

Exhibit D, attached to the amended application, is an estimate of revenues and expenses based upon an ultimate expected 90% occupancy of the tract. This exhibit indicates that the rates requested will produce a very low rate of return even upon full development of the initial area.

Applicant is aware that due to the anticipated slow customer growth, it will be several years before any net profits may be realized from the water utility operations. However, he appears to have the requisite financial ability to absorb operating losses and has stated that he is willing to carry on the utility operation during the development period when expenses of operation will exceed revenues.

The Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the following order.
2. Applicant possesses 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. Applicant's distribution facilities will provide reasonable service for the proposed certificated area, and meet the minimum requirements of General Order No. 103.
5. Applicant's water supply has not been shown to meet the minimum requirements of General Order No. 103.
6. No water supply permit has been issued for this system by the public health authority having jurisdiction.

The Commission concludes that the application should be granted upon conditions prescribed in the following order.

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.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Walter S. Johnson, Jr., doing business as Bear Trap Ridge Water Company, authorizing him to construct a public utility water system to serve in Bear Trap Ridge Development, Unit 1, Tulare County, as shown on Exhibit A attached to the amended application herein, to become effective as hereinafter provided.
2. Applicant shall not extend distribution facilities nor furnish water outside his certificated area boundaries without authority first having been obtained by further order of this Commission.
3. Within one year after the effective date of this order, applicant is 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 in accordance with the requirements of General Order No. 96-A.

Such tariff sheets shall become effective the fourth day after the date filed.

4. The authority herein granted shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

5. Prior to the date service is first furnished to the public under the authority granted herein, applicant shall apply to the appropriate public health authority having jurisdiction for a water supply permit for the proposed system and submit written notice thereof to this Commission.

6. Within ten days after the date service is first rendered to the public under the authority granted herein, applicant shall submit written notice thereof to this Commission.

7. Within sixty days after the system is first placed in operation under the authority granted herein, applicant 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 properties related to applicant's water system certificated herein.

8. Beginning with the year 1965, 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 rates, 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

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Bear Trap Ridge Development and vicinity, located approximately 30 miles east of Ducor, Tulare County.

RATES

		<u>Per Meter Per Month</u>
Monthly Quantity Rates:		
First	800 cu.ft. or less	\$ 5.00
Next	1,200 cu.ft., per 100 cu.ft.25
Next	3,000 cu.ft., per 100 cu.ft.20
Over	5,000 cu.ft., per 100 cu.ft.15
		<u>Per Meter Per Year</u>
Annual Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 60.00
For	3/4-inch meter	78.00
For	1-inch meter	102.00
For	1 1/2-inch meter	156.00
For	2-inch meter	216.00

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 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

(Continued)

APPENDIX A
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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (Continued)

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

Bear Trap Ridge Development and vicinity, located approximately 30 miles east of Ducor, Tulare County.

RATES

	<u>Per Service Connection Per Year</u>
For a single-family residential unit, including premises	\$66.00
For each additional single-family residential unit on the same premises and served from the same service connection	30.00

SPECIAL CONDITIONS

1. The above flat rates apply to service connection not larger than 3/4-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 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.

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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS (Continued)

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.

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.

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

Bear Trap Ridge Development and vicinity, located approximately 30 miles east of Ducor, 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. Relocation of any hydrant shall be at the expense of the party requesting relocation.
3. 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 ownership, type, and the size of hydrant and the specific location at which each is to be installed.
4. 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.