

69390

ORIGINAL

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)

of

Allen Jayne and Eleanor Jayne,  
DBA: LAKEVIEW WATER COMPANY  
for a Certificate of Public  
Convenience and Necessity to  
operate a water system and to  
sell water in Tract No. 7133,  
located in San Bernardino  
County, California, and to  
establish rates.

Application No. 47316  
(Filed February 8, 1965)

OPINION AND ORDER

Allen Jayne and Eleanor Jayne, husband and wife, doing business as Lakeview Water Company, seek a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 7133, comprising 20 acres subdivided into a total of 78 lots, in unincorporated territory of San Bernardino County at Lake Havasu. Applicants are the owners and developers of said Tract. Establishment of rates for water service is also sought.

Exhibit No. 1 is a sketch of applicants' properties in Sec. 1, T5N, R24E, SBB&M; Exhibit No. 3 is a water distribution map of Tract No. 7133; and the location of applicants' properties is shown on the map, Exhibit No. 4. Exhibit No. 5 is a letter to applicants, dated January 29, 1965, from Jayne Land & Development Company, of which Allen Jayne is president, showing that tract

improvement had started, requesting water service to Tract No. 7133 from them, and that they hold themselves in readiness to effect delivery of water.

A written report by a Commission staff engineer of his investigation of the application is received as Exhibit No. 8. Said Exhibit shows that applicants have drilled four wells within the proposed service area. Pumping equipment has been installed on Wells Nos. 3 and 4, and they will produce 285 gpm and 210 gpm respectively. Exhibit No. 2 is a copy of a temporary construction State Board of Public Health Water Supply Permit, dated December 22, 1964, issued by the Director of Public Health of San Bernardino County, valid for one year. Exhibit No. 8 shows that water produced from Wells Nos. 3 and 4 will meet the requirements for a State Health Department permanent Water Supply Permit. Wells Nos. 1 and 2, which, when tested, produced water of a lower quality than Wells Nos. 3 and 4, will be used for standby purposes. Applicants' proposed water system construction will meet the minimum requirements of General Order No. 103.

From a review of Exhibit No. 8, it appears that the sources of water supply and the proposed water installation will be adequate for full development of services for the 78 lots.

Applicants also own 300 acres of land adjacent to the requested area, but no immediate service thereto is covered by this application.

Exhibit No. 7 is a personal financial statement of Allen A. Jayne, dated March 31, 1964, to Bank of America National

Trust and Savings Association. Said Exhibit shows total assets of \$1,012,134.65, including cash of \$144,229.42, stocks and bonds of \$218,301.07, real estate of \$298,861.26, and other assets for the balance. No liabilities are shown.

Applicants propose a monthly flat rate of \$9.00 per month per user. However, Exhibit No. 8 shows that estimated operations with the 78 services at such rate would produce a rate of return of 8.7 per cent on an average depreciated rate base of \$49,000. The staff engineer recommended a monthly flat rate of \$6.50 per service, which would produce a rate of return of 6.9 per cent on a rate base of \$36,000, which the staff engineer derived by deducting cost of plant for future use, i.e., Wells Nos. 1 and 2 and their associated well sites. He also recommended authorizing the filing of a schedule of general metered service rates.

No other public utilities or water purveyors with which applicants might compete are in the vicinity.

The Commission finds that:

1. Public hearing is not necessary.
2. Allen Jayne and Eleanor Jayne, doing business as Lakeview Water Company and owners of Jayne Land & Development Company, propose to construct and operate a public utility water company to serve 20 acres, comprising 78 lots in Tract No. 7133, San Bernardino County, on the shores of Lake Havasu. They are the owners of the land proposed to be developed as said Tract, and there is an immediate public demand for water service thereto.
3. Applicant's sources of water supply and proposed water

system installations are adequate to serve the proposed area.

4. Applicants are able to finance the operations proposed in the application.

5. No other public utilities or water purveyors provide water service in the proposed area.

6. The rate of return of 8.7 per cent which would be produced by the flat rate of \$9.00 per service per month, as proposed in the application is excessive. A flat rate of \$6.50 per service per month, which would produce a rate of return of 6.9 per cent on a rate base of \$36,000 when serving 78 customers, is reasonable; said rate base is also reasonable.

7. Public convenience and necessity require that the application be granted, except that a lower flat rate for water service than requested should be authorized together with a schedule of general metered service rates.

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.

Based on the foregoing findings, it is concluded that the application for a certificate of public convenience and necessity under Section 1001 of the Public Utilities Code should be granted, and that the filing of a schedule of flat rates different from and lower than the schedule proposed in the application together with a schedule of general metered service rates should be authorized.

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Allen Jayne and Eleanor Jayne, husband and wife, doing business as Lakeview Water Company, authorizing them to construct a public utility water system to serve Tract No. 7133, on Lake Havasu, San Bernardino County.
2. Applicants are authorized to file, after the effective date of this order, the schedules of rates set forth in Appendix A to this order, tariff service area maps clearly indicating the boundaries of the certificated area, appropriate general rules, and copies of printed forms to be used in dealing with customers. Such filing shall comply with General Order No. 96-A and the tariff schedules shall become effective on the fourth day after the date of filing.
3. Applicants shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within ninety days after the effective date of this order, applicants shall file with the Commission two copies of this map.
4. For the year 1965, applicants shall apply a depreciation rate of 2.0 per cent to the original cost of depreciable plant. Until review indicates otherwise, applicants shall continue to use this rate. Applicants shall review their depreciation rates at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage and the

depreciation reserve from the original cost of the plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

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

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 13<sup>th</sup> day of July, 1965.

Frederick B. Hallock  
President

George E. Grover

Augusta

William B. Bennett  
Commissioners

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

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Tract No. 7133 and vicinity, approximately 7 miles north of Havasu Landing, San Bernardino County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less .....	\$ 6.00
Next 2,000 cu.ft., per 100 cu.ft. ....	.45
Next 7,000 cu.ft., per 100 cu.ft. ....	.30
Over 10,000 cu.ft., per 100 cu.ft. ....	.20
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 6.00
For 3/4-inch meter .....	7.50
For 1-inch meter .....	9.00
For 1 1/2-inch meter .....	15.00
For 2-inch meter .....	25.00

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

Tract No. 7133 and vicinity, approximately 7 miles north of Evasu Landing, San Bernardino County.

RATE

Per Service Connection  
Per Month

For a single-family residential unit .... \$ 6.50

SPECIAL CONDITIONS

1. The above conditions apply to service connections not larger than one-inch 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 or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.