

**ORIGINAL**

Decision No. 69440

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pierce Johnson and )  
 Nancy C. Johnson, husband and wife, )  
 as owners, (Tobias Trails 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 Tobias Trails )  
 Development, in Tulare County, and )  
 to establish rates for the service )  
 of water therefrom. )

Application No. 47371  
(Filed March 1, 1965)

O P I N I O N

This application seeks a certificate of public convenience and necessity to provide domestic water service in Sequoia National Forest and Tulare County. A report, dated June 11, 1965, based on a field survey made by an engineer of the Commission's Utilities Division, Hydraulic Branch, will be incorporated in the record as Exhibit No. 1.

Applicants are the owners and developers of the Tobias Trails development, which is located in the Sequoia National Forest, in the west half of the northeast quarter of Section 14, Township 24 South, Range 31 East, M.D.B. & M., in an unincorporated area of Tulare County. The development is approximately 38 miles east of the community of Ducor. The total development of 80 acres is tentatively scheduled to be divided into 210 lots as shown on revised Exhibit A, filed by letter dated May 26, 1965. The development lies on the northern side of the ridge and slopes northwest from elevation 6,200 feet to 5,400 feet above sea level.

A certificate is presently requested for an area of approximately 25 acres subdivided into 70 lots to be known as Unit I of the Tobias Trails development. This tract has not yet been approved by the county. The tentative subdivision map was to have been submitted to the county during the week of March 22. The system is designed to provide water service to 70 lots, approximately 10,000 square feet in area, which are located in the northwestern portion of the 80-acre development.

The development is surrounded on all sides by U.S. Forest Service lands, except for about 45 acres of land owned by Mr. Roy Little in the northeast quarter of the southwest quarter of Section 14, directly southwest of the development. Mrs. Johnson has acquired and intends to exercise an option to purchase this property.

The development will be primarily for summer resort activity. About 40 percent of the 80 acres is planned for roads and open areas between groups of lots without need of water service. In Unit I the developers have planned a community center area to consist of a heated swimming pool and a general purpose building.

The closest known water systems to the Tobias Trails development are the Sugar Loaf Peak Mutual Water Company, approximately 1½ miles to the southwest, and the Bear Trap Ridge Water Company, a newly certificated public utility located about four miles west.

The source of supply for the development will be by diversion from a stream tributary of the White River. The stream flows for about 400 feet through the northeast corner of the development. The approximate mean elevation of the stream

through the property is 5,700 feet. To enable gravity flow from the point of diversion to the storage tanks placed at an adequate elevation to provide minimum distribution pressure, it will be necessary to locate the diversion structure upstream on U.S. Forest Service land. A request for a land use permit was submitted to the U.S. Forest Service on April 16, 1965. In the event a land use permit is not granted, applicant proposes to pump from the stream into storage. A 50,000-gallon tank is to be located near Lot 177 at elevation 6,170 feet and approximately 1,500 feet of 6-inch main is planned to be installed to connect the tank to distribution piping in Unit 1. The application shows that applicants will apply for a water supply permit and will furnish a copy to the Commission when it has been received.

Applicants' engineer has estimated that the minimum flow of the stream will enable a diversion of 30 gpm during the dry period of a dry year. The estimate was made after observation of the stream flow in August, 1964. Applicants should be required to make stream flow measurements during the summer seasons for five consecutive years.

Applicants' engineer proposes the installation of a second 50,000-gallon storage tank when the number of customers reaches fifty. The initial 50,000-gallon tank and the diversion of 30 gpm to storage will be adequate to satisfy the demands of 50 customers. The maximum hourly demand, using Chart 2 of General Order No. 103 and a resort flat rate system constant of three, was calculated to be 147 gpm. This rate of flow can be delivered by the proposed storage and distribution facilities.

The distribution system as planned for Unit 1 will consist of approximately 2,420 feet of 6-inch and 2,825 feet of

4-inch Class 150 asbestos-cement pipe and a total of 260 feet of 2-inch galvanized steel pipe laid in streets within the area to be served. The 6-inch distribution main includes approximately 1,500 feet of pipe and valving which can be used to serve other units of the development at some future time. The 2-inch main will serve a short dead-end street where future extension is not anticipated. Blow-off valves will be installed at all dead-end mains. Applicants stated that flushing of mains will be a regularly established routine of the water company. Service connections of polyvinyl chloride plastic pipe will be 1 inch in diameter from the distribution main, branching to two 3/4-inch services to individual lots. Single services 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."

Applicants' estimate of utility plant is summarized in revised Exhibit E, filed by letter received May 26, 1965. The total estimated cost of \$34,900 includes all facilities necessary to furnish service to the area for which the certificate has been requested. The utility plant cost of about \$500 per customer appears reasonable when compared with the cost of recently constructed systems of similar characteristics.

Applicants propose to finance with their own funds the cost of the proposed facilities in the area requested to be certificated. Assessment bond financing is not proposed.

Applicants have requested that schedules for flat rate, meter rate, and fire hydrant services be established. These schedules are attached to the application as Exhibits G-1, G-2, and G-3. The requested rates are at the same level as some recently authorized by the Commission for a water system in the immediate area. The schedules attached to the application as Appendix B are the requested rates. Domestic service is to be provided under the flat rate schedule.

Revised Exhibit D, filed by letter received May 26, 1965, is an estimate of revenues and expenses based upon ultimate expected 90 percent occupancy of the tract. It indicates that the rates requested will produce a low rate of return even upon full development of the initial area to be developed. The revenue from a homeowners association was not included because of the recent change of plans to include development of the community activity center.

Applicants are aware that, due to the anticipated slow customer growth, it will be several years before any net revenues may be realized from the water utility operations. However, it appears from a balance sheet attached to the application as Exhibit F that they have the requisite financial ability to absorb operating losses and they have stated that they are willing to carry on the utility operation during the development period.

Since the rate of development is expected to be slow, even the low return indicated above may take several years for realization. Applicants' proposed rates for service are reasonable.

The Commission finds that:

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 system.
3. 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 substantially meet the requirements of General Order No. 103.
5. Applicants have not yet procured a permit from the public health authority having jurisdiction.

The Commission concludes that the application should be granted as provided by the following order.

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 future proceedings for the purpose of determining just and reasonable 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.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Pierce Johnson and Nancy C. Johnson, doing business as Tobias Trails Water Company, authorizing them to construct and operate a public utility water system to serve Unit 1 of the Tobias Trails development, Tulare County, as shown on revised Exhibit A of the application.

2. Applicants shall not extend nor furnish water service outside their certificated area boundaries without authority first having been obtained from this Commission.

3. 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.

4. The authority granted herein 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 herein granted, applicants shall apply to the appropriate public health authority having jurisdiction for a water supply permit for the proposed system. A copy of the application should be filed with the Commission within ten days thereafter.

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

7. When the number of customers reaches fifty, applicants shall install a second storage tank of not less than 50,000 gallons capacity. Within ten days after the installation of the second storage tank, applicants shall file a written report with this Commission, indicating the date of installation and the number of customers then served.

8. During the years 1965 through 1969, applicants shall take measurements of stream flow upstream from their diversion structure at intervals of one week commencing in the first week in August and ending the last week in October. A report showing the results of all measurements taken shall be submitted to this Commission within ten days after the date of the last measurement each year.

9. Applicants shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within sixty days after the water system is placed in operation under the authority granted herein, applicants shall file with this Commission two copies of the map.

10. Prior to the date service is first furnished to the public under the authority granted herein, applicants shall apply to the State Water Rights Board for a permit to divert the amount of 30 gpm from a stream tributary to the White River. A copy of the application shall be filed with this Commission within ten days thereafter.

11. For the year 1965, applicants shall apply a depreciation rate of three percent 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 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 this Commission.

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

Dated at San Francisco, California, this 27th day of July, 1965.

Fredrick B. Holloff  
President  
George T. Brewer  
Augustus

Commissioners

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

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

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

Tobias Trails development, and vicinity, located approximately 38 miles east of Ducor, Tulare County.

RATES

		<u>Per Meter</u> <u>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</u> <u>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.

(Continued)

APPENDIX A  
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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE  
(Continued)

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 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

Tobias Trails development, and vicinity, located approximately 38 miles east of Ducor, Tulare County.

RATES

	<u>Per Service Connection</u> <u>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 connections 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.

(Continued)

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

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.

APPENDIX A  
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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

Tobias Trails development, and vicinity, located approximately 38 miles east of Ducor, Tulare County.

RATE

Per Month

For each 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. 1, 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.