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**ORIGINAL**

Decision No. 69696

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
 Goshen Land Co. Inc., dba Sierra King  
 Water Co., a corporation holding total  
 ownership of real estate and equipment  
 known as Sierra Water Co., now furnish-  
 ing water service to Tract No. 367 grant-  
 ed under Decision 65127. Located in an  
 unincorporated area east of Three Rivers  
 just south of highway 198 on Mineral  
 King Road, as set forth in section 1001  
 of the Public Utility Code.

Application No. 47647  
 (Filed June 7, 1965)

O P I N I O N

In this application authority is sought to serve as a public utility water company in Tract No. 367, Tulare County. The area to be served is located in the NE $\frac{1}{4}$  of the NE $\frac{1}{4}$  of Section 8 and the NW $\frac{1}{4}$  of the NW $\frac{1}{4}$  of Section 9, Township 17S, Range 29E, M.D.B.& M. It is otherwise described as located on Mineral King Road near State Highway 198. A report of a field study prepared by an engineer of the Commission's Utilities Division, Hydraulic Branch and a financial examiner of the Commission's Division of Finance and Accounts will be included in the record as Exhibit No. 1. During 1961 and 1962 a water facility system was installed in Tract No. 367 and on March 26, 1963 the Commission granted a certificate for this system to H. R. Klauser III and Richard Woike, Jr., in Decision No. 65127, in Application No. 44659. This certificate lapsed, however, because Klauser and Woike failed to comply with the terms of the decision within one year. Subsequently, Guarantee Savings and Loan Association took over the tract including the water system. Guarantee has

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transferred the system to Goshen Land Co., Inc., the present applicant. Only one residence is served by this system and no other construction had commenced in the tract at time of application.

The service area is located about five miles from Three Rivers. There is a small mutual system at Three Rivers and a utility system at Lemon Cove, about thirteen miles from Tract No. 367. The elevation varies from 1,350 to 1,450 feet, approximately. The fourteen acres in the tract have been subdivided into 23 lots averaging about 20,000 square feet each.

Applicant has acquired a plant consisting of one well, a 10,000-gallon pressure tank, approximately 400 feet of 6-inch and 1,450 feet of 4-inch class 150 asbestos-cement pipe, three fire hydrants and necessary valves and other appurtenances.

The following tabulation presents a comparison of the balances in the utility plant accounts as determined by the staff with the balances for these accounts set forth in the application.

Ac. No.	Account Title	Contract Installations Supported by Invoices	Other Costs	Util. Plant Ac. Balances Per Staff	Util. Plant Ac. Balances Per A-47647	A-47647 Over (Under) Staff
301	Organization		\$ 50.00 <sup>a</sup>	\$ 50.00	\$ 300.00	\$250.00
306	Land		2,500.00 <sup>b</sup>	2,500.00	2,500.00	-
315	Wells	\$ 3,825.00		3,825.00	4,200.00	375.00
321	Pumping Equipment	2,707.92		2,707.92	3,000.00	292.08
342	Reservoirs & Tanks	3,850.00		3,850.00	3,850.00	-
343	Trans. & Dist. Mains	6,708.10		6,708.10	5,790.00	(918.10)
345	Services	1,241.90		1,241.90	2,115.00	903.10
348	Hydrants	240.00		240.00	180.00	(60.00)
	Total	\$18,572.92	\$2,550.00	\$21,122.92	\$21,965.00	\$842.08

a. Applicant estimated organization costs to be \$300.00; actual costs \$50.00.

b. Estimated by applicant based on cost of raw land plus improvements divided by number of lots:

Raw Land costs per lot	\$1,500
Improvement costs per lot	1,492
Reduction factor relating to size of lot dedicated	(.492)
Estimated cost of land dedicated	\$2,500

This plant appears to be adequate and to comply with the Commission's General Order No. 103 except that the primary well will barely meet requirements at times of full occupation and peak demand. A nearby well owned by applicant should be tested and connected.

The staff in its determination of the original cost of water facilities dedicated to utility use was satisfied that the funds expended for the installation of the water system were provided by applicant's affiliated interests and represent equity investment.

The estimated average utility plant cost of about \$918 per customer is considerably higher than the corresponding amount for other recently certificated water systems. Several reasons for this higher cost per customer are as follows:

- (a) Trenching was difficult due to rock outcroppings and, in many cases, it was necessary to import backfill.
- (b) The lots in the area are considerably larger than normal urban size lots resulting in a relatively high footage of distribution main per customer.
- (c) Due to rocky strata, the well was expensive to drill.

The cost per customer is expected to be reduced considerably as adjacent areas are subdivided and additional customers are served. Two members of the board of directors of applicant are owners of a 47-acre tract adjoining Tract No. 367.

Applicant plans to furnish water on a flat rate basis and requests a rate of \$72 per year for a single-family residence, including premises not exceeding 18,000 square feet in area. For premises in excess of 18,000 square feet, an additional charge of four cents per 100 square feet is requested. Decision No. 65127 authorized a flat rate of \$72 per year for a single-family residential unit. The inclusion of an additional charge would

be applicable to a majority of the lots. The homes in this area are expected to be predominantly permanent residences, but the terrain is not conducive to extensive gardening. If large gardens develop, these customers should be metered. The additional charge for areas over 18,000 square feet is not recommended by the staff and will not be authorized.

Applicant has requested meter rates which also differ from the rates authorized in Decision No. 65127. The staff recommends the meter rates previously authorized in Decision No. 65127 based upon an arithmetical comparison to the prior flat rate, and this recommendation will be adopted.

The Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. Applicant possesses the financial resources to 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. Applicant's water supply and distribution facilities will provide reasonable service for the proposed certificated area and substantially meet the requirements of General Order No. 103 when a second well is connected to the system.
5. Applicant has 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 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 Goshen Land Co., Inc., doing business as Sierra King Water Co., authorizing it to construct and operate a public utility water system to serve Tract No. 367, Tulare County.

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

3. Applicant is 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 filings 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. 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.

6. 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 for a water supply permit for the system and report to the Commission in writing, within ten days thereafter, that such application has been made.

7. Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within thirty days after the water system is placed in operation under the authority granted herein, applicant shall file with the Commission two copies of such map.

8. Applicant shall record in its books of account the utility plant account balances as determined by the staff set forth in the tabulation contained in paragraph 10 of Exhibit No. 1.

9. Before the number of active service connections reaches 10, applicant shall have connected, as an emergency standby source of water supply, its secondary well and pump and shall notify the Commission in writing within thirty days after date of connection.

10. For the year 1965, applicant shall apply a depreciation rate of three percent of the original cost of depreciable plant. Until review indicates otherwise, applicant shall continue to use this rate. Applicant shall review its 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

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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 21<sup>st</sup> day of  
SEPTEMBER, 1965.

Frederick B. Holloeff  
President

John E. [unclear]

George E. Grover

Acogator

William W. Burnett  
Commissioners

APPENDIX A  
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## Schedule No. 1A

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The area known as Tract No. 367, 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 at least 12 months, he

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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

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 Tract No. 367, and vicinity, located about 5 miles northeast of Three Rivers, Tulare County.

RATES

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

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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

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.