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**ORIGINAL**

Decision No. 69745

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
William Joughin dba Joughin Water  
Company for a Certificate of Public  
Convenience and Necessity to Construct  
a Public Utility Water System near  
Weldon in Kern County and to Establish  
Rates for Service.

Application No. 47725  
(Filed July 6, 1965)

O P I N I O N

Applicant seeks a certificate to render domestic water service in Tract No. 2929 (South Lake Estates) in Kern County. A report by an engineer of the Commission's Utilities Division, Hydraulic Branch will be included in the record as Exhibit No. 1.

Tract No. 2929 is located in the NE $\frac{1}{4}$  of Section 30, Township 26 South, Range 34 East, M.D.B. & M. It is otherwise located immediately south of State Highway 178 about one mile south of Lake Isabella. Only a tentative tract map is attached to the application but the engineer reviewed the plat as finally approved by Kern County and it is substantially similar to the one attached to the application. The area, though in hilly or mountainous country, is gently sloping and varies from 2,697 to 2,780 feet in elevation. It is forty acres in extent and has been subdivided into 70 lots ranging from 6,500 square feet to 2-1/2 acres in area. The typical lot size is 9,000 square feet.

The system installed consists basically of a well and a 10,000 gallon storage tank, 4,525 feet of 8-inch, 2,060 feet of 6-inch and 4,028 feet of 4-inch, Class 150 asbestos cement pipe. Five fire hydrants, 8 single services, 31 double services and

necessary valves and fittings complete the system. Applicant is installing an 84,000-gallon tank at the same location as the 10,000-gallon tank. He has three other potential sources of supply, a spring and two wells. The spring is at a higher elevation than the tract and its product can be transported by gravity to the storage tanks. The wells are North of (i.e. lower in elevation than) the tract. Applicant intends to develop the spring source first. The well, the spring and the two tanks will provide a sufficient supply for seventy customers.

Cost of the plant is estimated at \$39,866 not including development of the spring. This is in the neighborhood of \$600 per customer which is high. Applicant, however, in anticipation of future growth, has included larger mains and storage capacity than would be needed by seventy customers.

The plant has been financed from applicant's personal funds and assessment bond financing has not been used or proposed for the future.

Applicant proposes a \$5.00 per month flat rate as his basic rate. This would be applicable to lots of 12,000 square feet or less with a monthly charge of \$.05 per 100 square feet in excess of that area. The minimum proposed charge for a 5/8 x 3/4 inch meter is at the same (\$5.00) level. Fire hydrant rates of \$2.00 per month per hydrant are also proposed.

At the time of the field investigation the staff proposed certain changes in his schedules to which the applicant agreed and which appear in Appendix A attached hereto. These consist in quoting rates on an annual rather than a monthly basis until residents establish their permanence. This is recommended because of the resort and part time character which

is expected of most customers. The other is a reduction of the meter minimum below the flat rate in order to balance the rate structure better.

An exhibit attached to the application indicates a net worth in six figures. Applicant is aware that the operation will lose money at first and is prepared to absorb these losses. When the tract fills up, a small rate of return (about three percent) will be realized.

The certificate will be granted to Joughin as an individual. He can operate under whatever fictitious name he likes. At the time of the field investigation his intent was to use the name, "South Lake Water Company."

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.
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 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 William Joughin authorizing him to construct and operate a public utility water system to serve Tract No. 2929, Kern County consisting of 70 lots as shown on Exhibits C-1 and C-2 of the application.
2. 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 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. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

4. 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. A copy of the application shall be filed with the Commission within ten days thereafter.

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. Applicant 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, applicant shall file with this Commission two copies of the map.

7. For the year 1965, applicant shall apply a depreciation rate of three percent to the original cost of depreciable plant. Until review indicates otherwise, applicant shall continue to use this rate. Applicant shall review his 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 5<sup>th</sup> day of OCTOBER, 1965.

Fredrick B. Halchett  
President

William L. Burnett

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

Commissioner George G. Grover 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

Tract No. 2929, and vicinity, located immediately south of State Highway 178, approximately 4 miles west of Weldon, Kern County.

RATES

Per Meter  
Per Month

Monthly Quantity Rates:

First	700 cu.ft. or less	\$ 4.50
Next	2,000 cu.ft., per 100 cu.ft.	.25
Next	5,000 cu.ft., per 100 cu.ft.	.18
Over	7,700 cu.ft., per 100 cu.ft.	.15

Per Meter  
Per Year

Annual Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 54.00
For	3/4-inch meter	65.00
For	1-inch meter	84.00
For	1 1/2-inch meter	132.00
For	2-inch meter	204.00
For	3-inch meter	300.00
For	4-inch meter	420.00

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

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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (Contd)

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.



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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Tract No. 2929, and vicinity, located immediately south of State Highway 178, approximately 4 miles west of Weldon, Kern County.

RATES

	<u>Per Service Connection Per Year</u>
For a single-family residential unit, including premises not exceeding 12,000 sq.ft. in area . . .	\$60.00
a. For each additional single-family residential unit on the same premises and served from the same service connection . . . . .	42.00
b. For each 100 sq.ft. of premises in excess of 12,000 sq. ft. . . . .	.05

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.
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

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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS (Contd)

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 pro-rated 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.

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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

Tract No. 2929, and vicinity, located immediately south of State Highway 178, approximately 4 miles west of Weldon, Kern 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. 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.