

ORIGINALDecision No. 70198

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Nancy C. Johnson and)
 Luis S. King, as co-owners (PINE)
 MOUNTAIN 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 Pine Mountain)
 Development, the first unit of which)
 is Tract 438, Tulare County, and to)
 establish rates for the service of)
 water therefrom.

Application No. 47946

O P I N I O N

Nancy C. Johnson and Luis S. King are copartners doing business under the name of Pine Mountain Water Company. They seek, by this application, a certificate of public convenience and necessity to construct and operate a public utility water system in Tulare County in an area, near the community of California Hot Springs, known as Tulare County Tract 438.

The verified application avers that applicants propose to construct and operate a water distribution system which will ultimately serve a tract of 123 acres; that, initially, they propose to serve an area, of approximately 22 acres, which is known as Tulare County Tract 438; that the water system will initially furnish water service to 44 lots; that these lots are located in an area which is primarily used for summer recreational purposes; that the lots will be limited by restrictions so that only one cabin may be constructed on each lot; that applicants propose to construct the proposed system to meet the requirements of General Order No. 103; and that construction will not commence until appropriate authority is secured from this Commission.

The application also indicates that the water supply for the proposed system will come from an improved spring and that this source of supply will be supplemented with drilled wells when the area is further developed. The spring site will be protected from potential pollution by accepted engineering practice. The water from the spring will be gathered into a 50,000-gallon storage tank.^{1/} The system will be a gravity system and designed to insure a minimum pressure of 25 p.s.i.g. at each service connection. The cost of the proposed system is estimated to be \$17,545. The application states that applicants do not expect construction upon more than sixty percent of the lots within two years and that it will take a period of years for ninety percent of the lots to be developed. Applicants have proposed rates based upon estimates of revenue and expenses assuming a ninety percent development factor. The application states that: "Applicants are aware that customers for water service within the tract will not produce for some period of time revenues that exceed the expense of operation. Nevertheless, applicants have the requisite financial ability and are willing to carry on the operation of the water system during that period of growth." Financial statement balance sheets attached to the application indicate that Nancy C. Johnson has a net worth of \$198,087 and Luis S. King has a net worth of \$150,655.

The application also avers that no franchise is required from any local governmental body in order to operate the proposed system. The nearest public utility water system, Pine Flat Water Company, has indicated it has no desire or capability to serve the area here under consideration. Copies of the application were served upon Pine Flat Water Company and the board of supervisors of Tulare County. The Commission has received no protests against granting the application.

^{1/} The application proposes a 44,000-gallon tank. A subsequent letter from applicants' engineer, designated Exhibit 1, indicates a 50,000-gallon tank is now contemplated.

The Commission staff made a field investigation in connection with the application. The report prepared by the staff is hereby designated Exhibit 2 in this proceeding. The report verifies substantially all of the allegations in the application. The report also indicates that the rates proposed by applicants are comparable to rates authorized by this Commission for similar water utilities in the area.

The Commission makes the following findings and conclusions:

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Applicants possess the financial resources to construct and operate the proposed water system.
3. Applicants' proposed water supply and distribution facilities will provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103.
4. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.
5. Public convenience and necessity require that the proposed service be authorized.

Conclusions of Law

1. The application should be granted as set forth in the ensuing order.
2. Applicants should, prior to the date service is first furnished to the public under the authority herein granted, apply to the health authority having jurisdiction for a water supply permit for the system.
3. 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 hereby granted to Nancy C. Johnson and Luis S. King, doing business as Pine Mountain Water Company, authorizing them to construct and operate a public utility water system to serve Tract No. 438, Tulare County, which area is more particularly described in Exhibit A attached to Application No. 47946 and by this reference made a part hereof.

2. Applicants shall not extend service outside of their certificated area nor file any revised tariff service area maps indicating their willingness to extend service without first obtaining authorization therefor by further order of this Commission.

3. Applicants are authorized to file with this Commission, after the effective date of the supplemental order referred to in ordering paragraph 5, in a manner acceptable to the Commission and in conformity with the provisions of General Order No. 96-A, the schedules of rates and charges set forth in Appendix A attached to this order, together with rules governing service to customers, a tariff service area map indicating the boundaries of the certificated service area and sample copies of printed forms normally used in connection with customers' services. Said rates, rules, tariff service area map and forms shall become effective on the fourth day after the date of filing.

4. Prior to the date service is first furnished to the public under the rates and rules authorized herein, applicants shall (a) apply to the appropriate public health authority for a water supply permit for the system herein certificated, and (b) file a copy of said application with the Commission within ten days thereafter.

5. Before filing the tariffs as authorized by paragraph 3 of this order and before rendering any water service to the public, applicants shall furnish the Commission satisfactory evidence that the facilities actually developed and constructed for the production of a water supply for the system are adequate to serve the area certificated herein. Upon the receipt of such evidence, the Commission will issue a supplemental order herein authorizing applicants to file tariffs and commence rendering water service to the public.

6. Applicants shall notify this Commission in writing of the date service is first furnished to the public under the rates and rules authorized herein, within ten days thereafter.

7. Applicants shall file, within sixty days after the system is placed in operation, two copies of a system map as required by paragraph 1.10.a. of General Order No. 103.

8. Beginning with the year 1965, applicants shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of three percent. This rate shall be used until review indicates that it should be revised. Applicants shall review the depreciation rate when major changes in utility plant composition occur and at intervals of not more than five years. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage value and the depreciation reserve from the original cost of plant, (2) dividing the result by the estimated remaining life of plant and (3) dividing the quotient by the original cost of plant. Results of these reviews shall be promptly submitted to the Commission.

The certificate herein granted and the authority to render service under the rates and rules authorized herein will expire if not exercised within one year after the effective date of this order.

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

Dated at San Francisco, California, this 11th day of JANUARY, 1966.

Frederick C. Holcomb
President

John E. Mitchell

George H. Hoover

Auguston

William W. Bennett
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

Tract No. 438, and vicinity, located about 1 mile east of Pine Flat, 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 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.

(Continued)

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS (Contd.)

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

Tract No. 438, and vicinity, located about 1 mile east of Pine Flat, 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.

(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.

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. 438, and vicinity, located about 1 mile east of Pine Flat, 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. 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.