

Decision No. 71294

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 ANTHONY H. ALVES, VIRGINIA I. ALVES,
 his wife, DE VERE WILLIAMS, and MARY
 L. WILLIAMS, his wife, doing business
 under the firm name and style of
 VILLAGE VIEW UTILITIES, for a Certifi-
 cate of Public Convenience and Necessity
 to Construct a Public Utility Water
 System at Oakhurst, in Madera County,
 and to Establish rates for Service.

Application No. 48224
(Filed February 2, 1966)

O P I N I O N

This application, filed by Anthony H. and Virginia I. Alves, husband and wife, and De Vere and Mary L. Williams, husband and wife, all doing business as Village View Utilities, requests a certificate of public convenience and necessity to construct a public utility water system in the community of Oakhurst, Madera County, and to establish rates for service. A Commission staff report, hereby incorporated in the record as Exhibit No. 1, presents the results of a review of the application and of a field investigation made in connection therewith.

The area to be certificated is identified as Madera County Tract No. 158, Village View Terraces. The total area is approximately 19 acres, subdivided into 39 lots averaging 15,525 square feet. The smallest lot is 11,000 square feet and the largest is 26,000 square feet. Some of the lots will be sold "as is" and others with homes constructed. The terrain slopes upward from State Highway 41 and the tract is owned by the applicants, who are developing the subdivision and who will operate the water system since they live in the area.

Oakhurst business houses and residents obtain water from individual wells. There is no publicly owned water system in the tract area although two utility water systems are located a mile away and a mutual water company serves within three miles of Oakhurst. A copy of the application was sent to each utility and no protest has been received.

The source of water consists of three wells with a total capacity of 25 gallons per minute. The wells are to be supplemented by a 43,840-gallon steel storage tank to be located on the highest ground in the subdivision. It is estimated that in the event of a power failure, a full tank should be able to supply the system for about four days - assuming a daily use of 280 gallons per customer. The water supply is not sufficient to serve more than the 39 lots and 8 fire hydrants in the requested service area. An application for a water supply permit has been filed with the Madera County Health Department. Applicants have been advised that the application appears to be in order but the issuance of a permit will be deferred until the system is constructed.

The applicants have estimated that it will cost \$44,740 to construct the water system. The staff estimate is \$30,000. The water system will be financed from personal resources of the applicants. They do not propose to mortgage the water system facilities or to obtain capital by means of assessment bonds.

The following rates have been requested:

<u>Monthly Quantity Rates</u>		<u>Per Meter Per Month</u>
First 500 cu.ft., or less		\$5.50
Next 1,000 cu.ft., per 100 cu.ft.....		.50
Next 4,500 cu.ft., per 100 cu.ft.....		.40
Over 6,000 cu.ft., per 100 cu.ft.....		.30
		<u>Per Meter Per Year</u>
<u>Annual Minimum Charge</u>		
For 5/8 x 3/4-inch meter		\$72
		<u>Per Service Connection Per Year</u>
<u>Annual Residential Flat Rate Service</u>		
For a single-family residential unit, including premises		\$72

Applicants' proposed rates appear reasonable except for the annual minimum charge of \$72, which is not consistent with applicants' requested monthly charge of \$5.50 for the first 500 cubic feet. The \$5.50 monthly charge will be retained and the minimum charge reduced to \$66.00. The applicants intend to meter all services but did not propose a rate for fire hydrants. In view of the circumstances a rate of \$2 per month per hydrant will be established.

Attached to the application as Exhibit H is an estimate of annual revenues and expenses based on 100 percent occupancy. The applicants estimated gross revenue of \$3,320 appears to be realistic since it is based upon water usage reported in 1964 by a nearby utility. Applicants are aware that there will be losses during the development period. The financial report filed by the applicants shows assets of over \$750,000 and that they will be able to absorb the operating losses during the initial years of operation.

The Commission finds that:

1. Public convenience and necessity require the construction of a water system to serve the certificated area requested by applicants.

2. Applicants' water supply is adequate for the area to be served but will not permit unlimited future expansion into additional areas.

3. An application for a water supply permit has been filed with the Madera County Health Department. The permit will be issued as soon as the water system is completely installed.

4. The rates and charges authorized herein are reasonable and for the foreseeable future will not produce in excess of a reasonable rate of return on applicants' investment in utility plant.

5. Applicants have the financial ability to construct and operate a water system to serve the requested certificated area.

6. The facilities proposed to be installed will conform to the requirements of General Order No. 103.

7. Applicants should advise this Commission of any significant differences between the system as planned and as actually constructed.

8. A proposed initial depreciation rate of 3 percent is reasonable.

The Commission concludes that the application should be granted to the extent set forth in the order to follow. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to applicants, authorizing them to construct a public utility water system to serve an area known as Village View Terraces designated as Madera County Tract No. 158 as delineated on the map, Exhibit D-2, attached to the application.

2. Applicants shall not extend service outside the area certificated herein without further order of the 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, a tariff service area map 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. Within ten days after service is first furnished to the public under the authority granted herein, applicants shall file in this proceeding written notice thereof to this Commission.

6. Prior to the date service is first furnished to the public under the authority granted herein, applicants shall install a hydro-pneumatic tank and booster pump sufficient to maintain a normal operating pressure of not less than 25 psig at all service connections. Within thirty days after such facility is installed, applicants shall file a written report with this Commission, showing the details of the manner in which the requirement of this paragraph has been accomplished.

7. Prior to the date service is first furnished to the public under the authority granted herein, applicants shall comply with the requirements of the Madera County Health Department for a water supply permit and submit written notice thereof to this Commission.

8. Applicants 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, applicants shall file with the Commission two copies of such map.

9. For the year 1966, applicants shall apply a depreciation rate of 3 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 the Commission.

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

Dated at Los Angeles, California, this 20th day of SEPTEMBER, 1966.

President
George T. Hoover

Frederick B. Goloboff

William G. Bernard

Augusta
Commissioners

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

APPENDIX A
Page 1 of 5

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered service furnished on an annual basis.

TERRITORY

The area known as Village View Terraces, and vicinity, located in the community of Oakhurst, Madera County.

RATES

Monthly Quantity Rates

	<u>Per Meter Per Month</u>
First 500 cu.ft. or less	\$5.50
Next 1,000 cu.ft., per 100 cu.ft.50
Next 4,500 cu.ft., per 100 cu.ft.40
Over 6,000 cu.ft., per 100 cu.ft.30

Per Meter
Per Year

Annual Minimum Charge:

For 5/8 x 3/4-inch meter	\$66.00
For 3/4-inch meter	82.20
For 1-inch meter	115.20
For 1 1/2-inch meter	186.00
For 2-inch meter	264.00
For 3-inch meter	438.00
For 4-inch meter	648.00

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)

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

The area known as Village View Terraces, and vicinity, located in the community of Oakhurst, Madera County.

RATES

	<u>Per Service Connection Per Year</u>
For a single-family residential Unit, including premises	\$72.00
For each additional single-family residential unit on the same premises and served from the same service connection	36.00

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one 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 or the customer so elects, a meter shall be installed and the 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

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

The area known as Village View Terraces, and vicinity, located in the community of Oakhurst, Madera County.

RATE

Per Month

For each hydrant \$2

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.