

Decision No. 75082**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BODFISH WATER COMPANY, a California
corporation, to Extend Service to a
noncontiguous area.

)
) Application No. 50320
) (Filed June 14, 1968)
)

O P I N I O N

Bodfish Water Company, a California corporation, seeks authority to extend its public utility water service to a noncontiguous area approximately 1½ miles east of its present service area in the community of Bodfish, Kern County, and for authority to establish rates and to deviate from the refund provisions of its filed Main Extension Rule No. 15. Applicant amended its original application on September 3, 1968.

A field investigation of applicant's present and proposed service was conducted by the Commission staff. This report was submitted to the Commission on October 16, 1968, and it is incorporated into the record as Exhibit 1.

Present and Proposed Service Areas

Applicant's present service is conducted under a certificate issued by the Commission in Decision No. 59880, dated April 5, 1960, in Application No. 41500. Applicant's present service area consists of 590 lots in Bodfish. The number of lots and customers has increased from 405 lots and 21 customers in 1962 to 590 lots and 215 customers at the end of 1967. The area consists of mostly summer cabins with a few year-round residents.

Applicant's proposed additional service area is shown on the map, Engineer Exhibit No. 1, attached to the original

application herein. It is known as Kern County Tract 3049, and it consists of 31 lots ranging in elevation between 3,120 and 3,460 feet above sea level. It is only a portion of the land owned by the subdivider, Canyon Heights Land Company, and it is intended as the first of a series of developments. The lots in the tract are large, varying in size between 2.04 and 2.88 acres. The total number of lots is 31; however, it is expected that development of additional acreage will lead to an additional 200 lots and customers. The development is also designed primarily for recreational homesites in that the north and east boundaries are coterminous with the boundaries of U.S. forest land.

Applicant's water system is the closest public utility water system to the proposed service area. The next closest water utility is the Erskine Creek Water Company at Kernville, California. Applicant served a copy of the application to both the Erskine Water Company and the Board of Supervisors of the County of Kern. Notice of the application appeared in the Commission's Daily Calendar on June 17, 1968.

Proposed System

The water supply for the proposed system is based upon Well No. 1, which the subdivider increased in depth from 300 feet to 430 feet in 1966. In a 72-hour test this well produced good quality water at a rate of 55 gallons per minute. The application shows that the Kern County Health Office has already issued a water supply permit for this well. In addition to Well No. 1, there is another well in the area which the developer intends to improve and tie into an extension of the facilities being considered here.

Applicant proposes to install an 8,400 gallon storage tank. The staff report relates that water from this tank and the well appears to be more than adequate to meet the estimated peak demand for the 31 lots in the subdivision.

Staff recommends that the 5-hp pump installed by the developer be replaced by the developer with a 15-hp pump when the number of customers reaches 10.

The distribution system for this system will be composed of approximately 4,056 feet of 6-inch and 2,448 feet of 4-inch asbestos-cement pipe. Each lot is to be serviced by a single 1½-inch galvanized service pipe. There are to be three fire hydrants. The staff report states that this system appears to conform with the Commission's General Order No. 103.

Financing and Costs

Exhibit No. 7, attached to the amended application, lists estimated plant costs to be \$35,583 including engineering overheads. The staff considers this estimate as reasonable and that the incremental cost of enlarging the present utility is less than the economic cost of starting a new utility. The staff further estimates that the 10-year total out-of-pocket losses will amount to approximately \$125 per lot sold.

Applicant states that it is willing to accept the staff's estimate of \$750 as the estimated annual cost of operations, and that it is willing to execute a contract with the developer which requires the latter to pay applicant an initial amount of \$750, and thereafter to pay to the utility corporation \$100 per lot sold at the time the developer sells each of the lots in order to assure the financial integrity of the public utility. These cash advances from the subdivider will be deposited in a separate savings

account and they will be used only for certain out-of-pocket costs of operations, repairs and maintenance of the water system to the extent not provided by operating revenues, and for replacement of facilities when required. They will not necessarily insure the financial soundness of this water system, or eliminate requests for future rate increases, but they will provide some assurance that funds will be available for major out-of-pocket expenses during the period that the funds are on deposit.

Applicant also shows by its amendment that the developer has agreed to contribute to the utility all of the water facilities to be installed to serve the new subdivision. This arrangement has received the support of the staff because it will eliminate cash requirements for refunds by the utility and thereby avoid a drain on the financial resources of the utility as well as a burden on the existing customers.

Rates

At the suggestion of the staff, applicant proposes to file a service charge type of rate as follows:

	<u>Per Meter</u> <u>Per Year</u>
Annual Service Charge:	
For 5/8 x 3/4-inch meter	\$30.00
For 3/4-inch meter	33.00
For 1-inch meter	45.00
For 1 1/2-inch meter	63.00
For 2-inch meter	81.00

Quantity Rates:

First 4,000 cu.ft., per 100 cu.ft.22
Over 4,000 cu.ft., per 100 cu.ft.15

The Service Charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge computed at the Quantity Rates, for water used during the billing period.

Findings and Conclusions

The Commission finds that:

1. The facilities proposed to be installed are adequate to serve the requested area and conform with the requirements of General Order No. 103.
2. Under the financing arrangement discussed herein, applicant has the financial ability to extend its water system into the requested area.
3. The rates set forth herein are fair and reasonable.
4. The deviations from applicant's main extension rule are not adverse to the public interest.
5. Public convenience and necessity require the extension of applicant's water system to serve the area requested herein.
6. A public hearing is not necessary.

The Commission concludes that the certificate requested by applicant should be granted and that applicant should be authorized to deviate from provisions of its main extension rule as provided herein.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Bodfish Water Company, Inc. authorizing it to construct and operate a public utility water system to serve a noncontiguous area, Kern County, Tract 3049, near the community of Bodfish, as delineated on the map in Engineer Exhibit No. 1 attached to the application.

2. Applicant is authorized to file, after the effective date of this order, the schedule of rates set forth in Appendix A to this order and a tariff service area map clearly indicating the boundaries of the certificated area and to make its presently filed general rules applicable to this area. Such filing shall comply with General Order No. 96-A and shall become effective on the fourth day after the date of filing.

3. Applicant is authorized to deviate from its filed tariff Rule No. 15, Main Extensions, to extend facilities to serve Tract 3049 to the extent that applicant may accept the water system facilities or equivalent funds as contributed plant.

4. Compliance by applicant with Paragraph 2 of this order shall constitute acceptance by it of the right and obligation to furnish public utility water service to the area certificated herein. 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 10 days after service is first furnished to the public under the authority granted herein, applicant shall file in this proceeding written notice thereof to this Commission.

6. Applicant shall execute a contract with the developer of Kern County Tract 3049, in a form acceptable to the Commission, containing the following provisions:

- a. Developer shall pay applicant an initial amount of \$750.
- b. Upon the sale or transfer by the developer of lots in Tract 3049, developer shall pay applicant an additional amount of \$100 per lot.

All funds paid to applicant by developer in accordance with the provisions of this contract shall be deposited in a separate interest bearing account in a bank or savings loan association. Such funds, together with interest earned thereon, shall be used only for the following purposes directly related to Tract 3049, and only to the extent that out-of-pocket expenses referred to in this paragraph exceed gross revenues from Tract 3049:

- a. For out-of-pocket operating expenses properly classified in operating expense Acs. 726 and 735 and tax Ac. 507.1.
- b. Repairs chargeable to expense Ac. 736.
- c. For operation and maintenance expenses chargeable to expense Ac. 734, in an amount not to exceed \$300 per annum.
- d. For replacement of existing plant facilities in Tract 3049, but only if expressly authorized by a letter from the Public Utilities Commission.

All references to accounts in this paragraph are to those included in the Uniform System of Accounts for Class D Water Utilities, effective January 1, 1966.

Upon the tenth anniversary of the initial deposit, any amount remaining in the special fund not utilized for the purposes set out above shall be refunded to the subdivider or paid to his designee. Applicant shall provide subdivider with a statement not later than March 15 each year detailing the purpose, description and amount of all additions to and withdrawals from the fund during the prior calendar year, and the balance in the fund at the close of the year. A copy of this statement shall concurrently be filed with the Finance and Accounts Division of the Commission. Two

copies of this contract shall be filed with the Commission concurrently with tariffs authorized in ordering paragraph No. 2 of this decision.

7. Applicant is directed to replace the presently installed 5-hp well pump with a 15-hp pump when the number of customers in the Canyon Heights Tract 3049 water system or extensions thereto reaches 10.

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

Dated at San Francisco, California, this 10th day of DECEMBER, 1968.

William Agnew Jr. President
Edith E. Hatchell
Augusta
Sheel P. Monnsiey Commissioners

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 METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished in Canyon Heights Subdivision and vicinity on an annual basis.

TERRITORY

The unincorporated area known as Tract 3049, Kern County, near the community of Bodfish.

RATES

	<u>Per Meter</u> <u>Per Year</u>
Annual Service Charge:	
For 5/8 x 3/4-inch meter	\$30.00
For 3/4-inch meter	33.00
For 1-inch meter	45.00
For 1 1/2-inch meter	63.00
For 2-inch meter	81.00
Quantity Rates:	
First 4,000 cu.ft., per 100 cu.ft.22
Over 4,000 cu.ft., per 100 cu.ft.15

The Service Charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge computed at the Quantity Rates, for water used during the billing period.

SPECIAL CONDITIONS

1. The annual service 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 service charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bimonthly or quarterly in accordance with the utility's established billing periods

(Continued)

Schedule No. 1A

ANNUAL METERED SERVICE

SPECIAL CONDITIONS - Continued

except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

2. The opening bill for metered service shall be the established annual service 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.