

ORIGINAL

Decision No. 75794

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TANNER G. WILSON,
TOM E. TIMMS, and STEPHEN WYCKOFF
to extend and operate the extension
of an existing water system near
Groveland, Tuolumne County, and to
establish rates for such extended
service.

Application No. 50637
(Filed October 21, 1968)
(Amended January 15, 1969)

Tom E. Timms, for applicants.
Hartley H. Bush, for protestant Groveland
Community Services District.
Tedd F. Marvin, for the Commission staff.

O P I N I O N

Applicants Tanner G. Wilson, Tom E. Timms and Stephen Wyckoff, doing business as Yosemite Highlands Water Company, seek authority to construct extensions of their public utility water system

Public hearing was held before Examiner Catey in San Francisco on May 13, 1969. Copies of the original and amended application had been served by mail on protestant Groveland Community Services District and notice of hearing had been published, all in accordance with this Commission's rules of procedure. The matter was submitted on May 13, 1969.

Testimony on behalf of applicants was presented by one of the applicants. Testimony on behalf of protestant was presented by its engineer. The Commission staff presentation was made through an engineer.

Present and Proposed Areas

By Decision No. 64907, dated February 5, 1963, in Application No. 44627, applicants were granted a certificate to construct a water system to serve Unit 1 of Yosemite Highlands Subdivision, located

about one mile west of the unincorporated community of Groveland, near Highway 120 in Tuolumne County. Unit 1 covers an area of approximately 30 acres, subdivided into 64 lots. Decision No. 64907 prohibits applicants from extending service outside of Unit 1 without further authorization. Applicants so far have served only one dwelling, which is owned by applicants in their capacity as subdividers, and the nearby fire station of the State Division of Forestry.

Applicants now seek authority to extend into Units 2A and 2B, adjacent to Unit 1. The additional units cover a total area of approximately 18 acres, subdivided into 27 lots. Elevations in the area range from about 3,150 to 3,350 feet above sea level, which is about the same range as in Unit 1.

When applicants received their original certificate, protestant's boundaries did not include Yosemite Highlands Subdivision. Since then, additional territory has been annexed to the district and Yosemite Highlands is now within protestant's boundaries.

Proposed Extensions

Applicants propose to use their present well and hydro-pneumatic tank to supply water to the additional area. Applicants have agreed to install a 25,000-gallon tank within the next twelve months, which will provide storage for peak demand periods and insure continuity of service during evitable shutdown of the single well pump for routine or emergency maintenance and repairs.

The additional distribution facilities for the new areas will consist of about 1,050 feet of mains, ranging in size from 4-inch to 6-inch, 1-inch and 3/4-inch service pipes, and two fire hydrants.

In Exhibit No. 1, the Commission staff concludes that the present production facilities and proposed distribution facilities will meet the requirements of General Order No. 103.

Groveland Community Services District

Protestant serves the nearby community of Groveland and plans to extend a main to Big Oak Flat this year. The new main will pass within about 2,000 feet of the Yosemite Highlands Subdivision.

Protestant's engineer testified that protestant originally used local well water but that the quality was inadequate. Protestant now obtains its water from the Hetch Hetchy pipeline of San Francisco Water Department.

Although protestant might be able to supply a better quality of water than is available from applicants' well, the health authorities have approved applicants' use of the well and there is no indication that the well water quality has deteriorated since last tested by those health authorities. Further, due to the distances and elevations involved, it would cost over twice as much for the facilities required for service by protestant as the \$9,571 needed for extension of applicants' present system. Under the circumstances, the potential availability of service from protestant is not a valid basis for denying applicants' request for a certificate covering Units 2A and 2B.

If, at some future date, protestant is in a position to acquire and operate applicants' entire system, we will then consider a request by applicant for authority to transfer the system to protestant.

Financial and Accounting Matters

Aside from other considerations, public utility water service to a 91-lot subdivision should be more economically feasible than service to applicants' present 64-lot service area. Certain relatively fixed operation and maintenance costs ultimately can be spread over more customers. During the early development period, of

course, revenues will not cover expenses, but applicants individually are making up any operating deficits. The staff estimates that out-of-pocket cost of operations will be covered by operating revenues within about two years if ten customers are then being served. One house has already been built, two more are nearing completion and three additional have been started.

Applicants, operating as a proprietorship, cannot be relieved of their public utility obligations without Commission authorization. There is thus not the danger that would be present with a corporation whose entire stock could normally be sold without Commission authorization to parties who are not financially capable of providing additional funds when needed. Applicants' financial statements show them to be capable of operating the utility even during its early development stage.

The application itself was not clear as to the method of financing the proposed new extensions. The applicant who testified at the hearing clarified this point. Applicants, as individuals or copartners, will advance the funds to themselves as a public utility and refund the advances for construction out of future revenues, all in accordance with their filed main extension rule.

The staff points out in Exhibit No. 1 that applicants have not yet set up formal books of account in accordance with Commission requirements. One of the applicants testified that compliance with those requirements would be no problem, inasmuch as applicants employ accounting personnel for their other activities.

Rates

Applicants originally intended to add to their tariffs a provision for a \$50 connection fee for new customers. This request would require a deviation from one of the provisions of General Order

No. 103 so applicants' request for such fee was withdrawn at the hearing. No increases now are proposed in the present rates upon expansion of the service area.

Findings and Conclusions

The Commission finds that:

1. Public convenience and necessity require the construction of the extensions of applicants' present water system into the adjacent Units 2A and 2B of Yosemite Highlands Subdivision, near Groveland, Tuolumne County.

2. Applicants present rates and charges are reasonable for the enlarged service area.

3.a. Applicants have the financial ability to refund advances for construction as they become due and to operate their water system to serve the area certificated herein.

b. The facilities proposed to be installed will be adequate to serve the areas certificated herein and will comply with the requirements of General Order No. 103.

4. Extension of applicants' system will require revision of applicants' system map.

5. Applicants' present single well source does not provide for continuity of service during shutdown of the well pump for maintenance and repairs. Applicants' proposed 25,000-gallon storage tank would provide for such continuity of service.

6.a. Applicants have not set up formal books of account in accordance with existing requirements of this Commission.

b. The adjusted plant and depreciation plant balances developed by the staff reasonably reflect the proper amounts for the original entries in applicants' books.

The Commission concludes that the application should be granted and that applicants should be required to take the actions prescribed in the order which follows. Inasmuch as applicants have not commenced construction of the extensions, which would have been in violation of Decision No. 64907, and construction is being delayed pending authorization, the order herein will become effectively immediately.

O R D E R

IT IS ORDERED that:

1.a. A certificate of public convenience and necessity is granted to applicants Tanner G. Wilson, Tom E. Timms and Stephen Wyckoff, doing business as Yosemite Highlands Water Company, authorizing the construction of extensions of their present water system to serve Units 2A and 2B of Yosemite Highlands Subdivision, Tuolumne County, as such units are delineated on the map, Exhibit A attached to the amended application herein.

b. Applicants shall not extend service outside of their certificated area without further authorization of this Commission.

2. After the effective date of this order, applicants are authorized to file revised tariff sheets, including a tariff service area map, to provide for the application of their present tariff schedules to the areas certificated herein.

3.a. Compliance by applicants with paragraph 2 of this order shall constitute acceptance by them of the right and obligation to furnish public utility water service within the areas certificated herein. The authorities granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

b. 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.

4. Applicants shall prepare and keep current the system map required by paragraph 1.10.a. of General Order No. 103. Within thirty days after the water systems to serve Units 2A and 2B are placed in operation under the authority granted herein, applicants shall file with the Commission two copies of such map.

5. Within twelve months after having exercised the authority granted in paragraph 2 of this order, applicants shall install and connect a storage tank of at least 25,000-gallons capacity and shall file in this proceeding written notice of compliance with this paragraph.

6. Within sixty days after the effective date of this order, applicants shall set up formal books of account in accordance with the prescribed Uniform System of Accounts for Class D Water Utilities and shall record therein the staff adjusted balances at December 31, 1967, for utility plant and depreciation reserve as set forth in paragraph 9 of Exhibit No. 1 in this proceeding.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 17th day
of JUNE, 1969.

William Lyndon D.
President
Augusta
Frank R. Monsey
John W. Brown
John W. Brown
Commissioners