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Decision No. _____

77812

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of EARL B. AND ETHEL B. MARR DBA MADDEN CREEK WATER CO.,
Homewood, Calif. to deviate from
their filed tariff main extension
rule to construct extensions to
furnish winter service and to
execute contracts for refunds and
to file rates for winter service.

Application No. 52006
(Filed June 30, 1970)

Earl Baker Marr, applicant.
Robert D. Bean, Jack L. Burns, Elmer Gracia,
Mrs. Jack Gilliland, Walter Kolasa, A. Thomas
McBride, Robert J. Williams, in propria
personae, interested parties.
James P. Scribner, for Placer County Health
Department, interested party.
T. F. Marvin, for the Commission staff.

O P I N I O N

By this application, Earl B. and Ethel B. Marr (Madden Creek Water Co.) seek authority to file rates for winter service, to establish rules for service thereunder and to deviate from the terms of the standard main-extension rule (Rule 15) under which they are now operating.

Public hearing was held before Examiner Emerson on August 18, 1970, at Tahoe City. By stipulation of the parties the water system and its supply facilities were viewed by the Examiner on August 19 and 26, 1970. The matter was submitted, upon receipt of late-filed Exhibit No. 3, on August 28, 1970 and is now ready for decision.

The Marrs acquired the Madden Creek Water Co. system in the Spring of 1970. Existing service is limited to the summer season, May 15 through October 14, and is available to approximately

385 lots in the community of Homewood on the westerly shore of Lake Tahoe, Placer County. The present system, started about 35 years ago, has most of its mains at depths of less than 18 inches below ground level and is unsuitable for providing reliable water service during freezing weather. Normally, the mains are completely drained of water on October 15th of each year.

With the present year-around access and the continuing development of winter sports and recreation facilities in the area, including two commercial ski slopes in Homewood, a large number of customers have requested all-year water service. To provide it, a completely new distribution system, with mains at least 36 inches below ground, is required. Its estimated cost, at present price levels, is on the order of \$75,000. As such a system develops, the existing system, for which the Marrs paid \$25,000, would progressively be abandoned. The Marrs do not have financial resources sufficient to undertake such a project and, thus, have proposed that customers who desire winter service share in the costs by advancing funds for the construction of the facilities required to make such service available to them.

The proposed plan, in principle, is similar to that which the Commission authorized for the Tahoe Cedars Water Company (also owned by the Marrs) for an area of about 1100 lots at Tahoma approximately five years ago. Experience with that system, of which approximately 60 percent has by now been winterized, has been most satisfactory both from the customers' and the utility's standpoints. In addition to the convenience of having water all year, customers on that system have found that their property values have increased because of the availability of such service. With respect to costs, records show that the Tahoe Cedars winterized facilities have an

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average installed cost of about \$3.85 per foot of which some \$2.06 per foot was (on the average) advanced by customers, the Marrs having supplied the difference. It is reasonable to assume that somewhat similar costs and conditions would prevail on the Madden Creek system.

On the Madden Creek system, all-year water will first be available at the intersection of Sacramento Avenue and Trout Street. Main extensions will be made from such point. Eventually, the "backbone" of the system would be a 6-inch main running the full length of Sacramento Avenue, with lesser sizes on most other streets and with tie-ins added from time to time until, upon completion, a full circulation or grid system of mains will result.

The basic plan, in summary form, is as follows:

Advances

1. An individual (or group of individuals) requesting extension of winter service mains would advance the cost of the extension.
2. Until all such construction advances were refunded, any customer requesting winter service would advance \$300 per lot (20,000 square feet) as his share of the construction cost unless he had already advanced at least that amount as an applicant for the winter main extension.

Refund of Advances

1. Individuals whose unrefunded advances were more than \$300 per lot for a given extension would receive, pro rata, the \$300 per lot advanced by new winter customers taking service from the extension.
2. After all winter service mains have been installed and after no unrefunded advances exceed \$300 per lot, the \$300 per lot advanced by new winter customers on the same extension would be distributed, pro rata, to all individuals whose advances had not yet been refunded in full.

It should be emphasized that the plan requires nothing from customers not interested in winter service. The present summer service mains would be kept in operation until such time as all, or nearly all, users request year-around service. Thus, no summer user will be adversely affected.

The \$300 per lot advance from all customers requesting winter service will avoid any element of discrimination between those who request winter service initially and those who wait until some time later for such service. Thus, a person who delays will not obtain a "free ride" at the expense of those already participating.

Customers taking winter service must make whatever changes are necessary in their own plumbing. The costs of such work are not properly chargeable to the utility except in those situations where rearrangements of service lines are made solely to accommodate the utility.

No opposition to the plan was expressed at the hearing or has come to the attention of the Commission. The staff recommends its authorization.

In view of the evidence, certain aspects of which are discussed above, the Commission makes the following findings of fact:

1. Applicants herein have a water supply adequate to provide year-around service to the Madden Creek Water Company system.
2. The present distribution system supplies water service only during the summer season of May 15 through October 14 of each year.

3. All year water service can be supplied only by the construction of a new "winterized" distribution system.

4. A new winterized system will be to the public benefit and can reasonably be financed through sharing the costs thereof in accordance with the main-extension rule (Rule 15-A) and the rate schedules (1S and 2S) hereinafter authorized.

5. Under the circumstances hereinabove discussed, the requirement of a \$300 refundable advance for each lot, as a condition precedent to the initial rendering of winter service to the lot, is just and reasonable.

6. The rates and charges hereinafter authorized for winter water service (October 15 through May 14 of each year) are fair and reasonable for such services.

7. The "limitation of expansion" provision of applicants' present main extension rule (Rule 15) should exempt advances for winter mains during the time the new Rule 15-A is in effect.

8. It is just and reasonable to authorize that the new plan remain in effect for a period of ten years or until such earlier date as the new distribution system may be completed and advances related thereto may have been refunded.

The Commission concludes that the application herein should be granted to the extent and in the manner set forth in the following order.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, Earl B. and Ethel B. Marr (Madden Creek Water Company) are authorized to file concurrently with this Commission and to make effective ten days thereafter:

- a. Rate Schedule No. 1S (seasonal metered service) and Rate Schedule 2S (seasonal flat rate service) as the same appear on Exhibit A and Exhibit B attached to the application herein, except that Special Condition 4 thereof shall read as follows:

"4. Each new applicant for winter service shall advance, for each single-family residential lot to receive service, the amount of \$300, less any amount previously advanced for winter service supplied to the same lot. A single-family residential lot shall be defined as an area not exceeding 20,000 square feet. Parcels containing in excess of 20,000 square feet shall be converted to an equivalent number of single-family residential lots by dividing the total area by 20,000. The resultant quotient, calculated to three decimal places, shall be the number by which \$300 shall be multiplied to determine the equivalent advance for lots which cannot qualify as single-family residential lots, except that the total amount required to be advanced by a single owner of a contiguous property shall not exceed \$1,500. Advances made to qualify for winter service under this special condition are subject to refund in the same manner as advances made in connection with a winter main extension."

- b. The supplementary main extension rule, Rule No. 15-A, attached to the application herein as Exhibit C, except that the dates set forth in paragraph C.2.c.(2) thereof shall be December 31, 1980 and January 1, 1981, respectively.
- c. The "main extension contract" form and the "application for winter water service" form comprising Exhibit No. 1 in this proceeding.

2. Any main between the reservoir site and Sacramento Avenue and any extension of winter water service mains from the intersection of Sacramento Avenue and Trout Street (the beginning point of the winterized distribution system) shall be made in conformance with the provisions of this Commission's General Order No. 103.

3. Applicants shall prepare, keep current, and make available for public inspection, a map clearly showing the lots that can be provided with winter water service without further extension of winter water mains.

4. Applicants shall file in this proceeding, concurrently with the filing of their annual reports to this Commission, a summary report which will show for the reported year:

- a. Total advances for construction which have been received for winter main extensions (for the year and cumulatively).
- b. Total refunds of such advances (for the year and cumulatively).
- c. Estimated additional advances required to complete the project.
- d. Total number of winter and total number of summer service connections.
- e. Total funds expended from (1) applicants' own funds, and (2) funds made available from the winter main extension rule for use on the overall winter system (funds for tying-in dead ends, etc.) which overall system mains are not subject to advances directly by customers requesting winter main extensions.

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

Dated at San Francisco, California, this 19th day of OCTOBER, 1970.

J. Mulrain -
Chairman
Augusta
William J. Spence
Thomas J. Spence
James L. Sturgeon
Commissioners