

Decision No. 78170

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LINTON E. FORRESTER and ELEANOR)
 FORRESTER, dba HILLVIEW ESTATES)
 WATERWORKS, for a Certificate of)
 public Convenience and Necessity)
 to Construct a Public Utility Water)
 System near Oakhurst, Madera County,)
 and to Establish Rates for Service.)

Application No. 52239
 (Filed October 9, 1970;
 Amended November 16, 1970)

O P I N I O N

Linton E. Forrester and Eleanor Forrester, dba Hillview Estates Water Company, seek a certificate of public convenience and necessity to extend water service to Sunnydale Subdivision and to establish rates. Sunnydale Subdivision is located south of Highway 49 approximately 1/2 mile west of the community of Oakhurst, Madera County. Applicants' existing water system, Hillview Estates, is located south of Highway 49 and approximately 3-1/2 miles west of Oakhurst. The new system will not be physically connected to the utility's existing system. A Commission staff report, dated January 8, 1971, received as Exhibit No. 1 presents the results of a study of the application, a review of applicants' present operation, and of a field investigation together with staff conclusions and recommendations.

Exhibit No. 1 sets forth in detail necessary information relating to ownership, history, present service area, requested service area, source of water supply, description of distribution system, economic feasibility, accounting, utility plant cost, financing and rates.

The staff recommends the following:

- a. Applicants should be authorized to extend service to operate a public utility water system to serve a non-contiguous area known as Sunnydale Subdivision but limited to the initial increment consisting of 38 lots as identified in Exhibit D in the application and four parcels of adjacent commercial property.
- b. Applicants should not extend service outside of their certificated area, nor file any revised tariff service area maps indicating their willingness to extend service without first having obtained authorization from this Commission.
- c. Applicants should be authorized to execute a main extension contract to finance the cost of both intract and backup facilities under the 22 percent of revenue refund provisions of the utility's filed main extension rule.
- d. Applicants should be authorized to deviate from their filed main extension rule to exceed the 50 percent of capital limitation to the extent necessary to finance facilities to serve the noncontiguous extension.
- e. Applicants should be required to obtain a contract with the developers wherein the developers agree to transfer to the utility the main extension contract to be held as an investment with refunds to be credited to proprietary capital of the utility.
- f. Since the proposed expansion of service area will not generate sufficient revenue to cover out-of-pocket expenses for several years, the utility should be required to execute a loss reimbursement agreement with the developers and, when revenues are sufficient, the unused portion of the fund should be returned.
- g. Applicants should maintain their books of accounts in accordance with the prescribed system of accounts for Class D water utilities. The annual report for the calendar year 1970 should show the proper classification of utility plant accounts and property taxes; management salaries and expenses should be shown in appropriate accounts.
- h. Applicants should be authorized to file the rate schedules attached to Exhibit No. 1 as Appendix A and make them applicable to the area certificated herein.

Findings and Conclusions

1. Public convenience and necessity require the construction of the meter system to serve the area authorized herein.
2. Applicants' available water supply is of adequate quality and quantity to serve the limited area authorized herein.
3. For a newly certificated area the rates proposed by applicants in the amended application are fair and reasonable.
4. Applicants have the financial ability to serve the area authorized herein.
5. The staff recommendations are reasonable.
6. A public hearing is not necessary.

The Commission concludes that the application should be granted to the extent, and under the conditions, set forth in the order which follows.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of the franchise involved herein or this certificate of public convenience and necessity, or the right to own, operate or enjoy such franchise or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the issuance of such franchise, certificate of public convenience and necessity or right.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Linton E. and Eleanor Forrester, dba Hillview Estates Water Company, subject to the conditions of this order authorizing them to construct a public utility water system to serve Sunnydale Subdivision, Madera County, Tract 169, as shown on Exhibit D and the parcels labeled "Parcel 2", "Hospital Site", "Masonic Lodge", and "Church Site" on Exhibit E attached to the amended application.
2. Applicants are authorized to apply their presently filed tariff rules in the area herein certificated.
3. Within ten days after the date service is first rendered to the public within the tariff area herein authorized applicants shall submit written notice thereof to this Commission.
4. Applicants are authorized to file after the effective date of this order a tariff service area map clearly indicating the boundaries of the areas herein authorized to be served and the flat and meter rate schedules attached hereto as Appendix A. Such filing shall comply with General Order No. 96-A and shall become effective on the fourth day after the date of filing.
5. The authority to serve the areas granted herein shall expire unless the designated map and rate schedules are filed within one year after the effective date of this order.
6. Applicants are authorized to exceed the limitation of expansion set forth in Section A.2.b. of their filed main extension rule to finance facilities to serve the areas authorized herein.

7. Applicants shall execute an agreement with the developers which provides that the developers agree to convey the main extension contract for the financing of facilities authorized herein, to the utility to be held alive as an investment with refunds being credited to applicants' proprietary capital as they become due.

8. Applicants shall not extend or offer to extend facilities constructed to serve the area certificated herein without further authorization of this Commission.

9.a. Applicants shall enter into a loss reimbursement agreement in a form acceptable to the Commission which requires the developers to deposit in a separate, interest-bearing account in a California bank or savings and loan association \$200 per lot upon the sale or transfer by them of any lot within Madera County Tract 169. Such funds together with interest earned thereon shall be used only for paying expenses properly chargeable to the below-named account categories and only to the extent that the total of such expenses applicable to the area certificated herein exceeds the total gross revenues from such area in any calendar year:

Ac. 507.1	Property Taxes
Ac. 507.2	Payroll Taxes
Ac. 726	Power
Ac. 735	Operation & Maintenance, Materials
Ac. 736	Operation & Maintenance, Contract Work
Ac. 734	Operation & Maintenance, Employee Labor

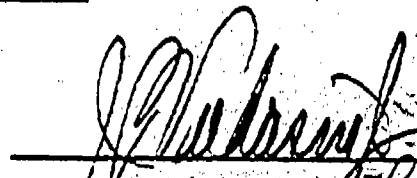
All references to this ordering paragraph are to the appropriate portions of this Commission's Uniform System of Accounts for Class D Water Utilities. Expenditures from the fund for replacement of plant facilities may be made only after letter approval from this Commission. Two copies of this agreement shall be filed with the Commission concurrently with the filing of the tariffs authorized in ordering paragraphs of this decision.

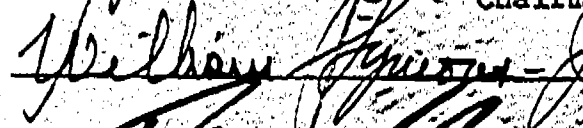
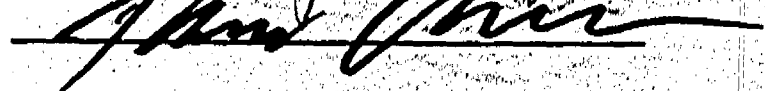
9.b. Upon the fifteenth anniversary of the initial deposit, providing the system revenues for the calendar year have exceeded by 20 percent the total system expenses in the above-listed categories, any amount remaining in the loss-reimbursement fund not utilized shall be refunded to the developers or paid to their designee.

9.c. Applicants shall furnish the Commission by March 31 of each year with an accounting of all additions to and disbursements from the fund.

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

Dated at San Francisco, California, this 13th day of JANUARY, 1971.



Chairman



Commissioners

Commissioner Vernon L. Sturgeon, 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 on an annual basis.

TERRITORY

Sunnydale Subdivision and vicinity, Madera County.

RATES

Monthly Quantity Rates:

	Per Meter Per Month
First 1,000 cu.ft., or less	\$8.00
Next 500 cu.ft., per 100 cu.ft.40
Next 1,000 cu.ft., per 100 cu.ft.30
Over 2,500 cu.ft., per 100 cu.ft.20

Annual Minimum Charge:

	Per Meter Per Year
For 5/8 x 3/4-inch meter	\$ 96.00
For 3/4-inch meter	105.60
For 1-inch meter	144.00
For 1 1/2-inch meter	201.60
For 2-inch meter	259.20
For 3-inch meter	480.00
For 4-inch meter	652.80

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)

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Schedule No. 1A

ANNUAL 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 except that meters may be read and quantity charges billed during the winter season at intervals greater than three months. A nonpermanent resident may elect to pay the annual charge in two equal installments. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.

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.

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Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

Sunnydale Subdivision and vicinity, Madera County.

RATES

	<u>Per Service Connection</u> <u>Per Year</u>
For a single-family residential unit, including premises	\$120.00

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter.
2. For service covered by the above classification, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual 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.
3. 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. A nonpermanent resident may elect to pay the annual charge in two equal installments. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.

(Continued)

Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Contd.

4. 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.