

ORIGINAL

Decision No. 82523

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
RANCHO SENDERO WATER COMPANY, a  
California corporation, the stock  
of which has already been issued,  
for a Certificate of Public Conven-  
ience and Necessity to Construct  
a Public Utility Water System near  
Lower Lake in Lake County and to  
Establish Rates for Service.

Application No. 54422  
(Filed November 1, 1973)

O P I N I O N

Rancho Sendero Water Company requests a certificate of public convenience and necessity to construct and operate a public utility water system in Rancho Sendero Subdivision in the Lower Lake area of Lake County.

The subdivision covers an area of 250 acres and applicant initially seeks to serve 80 acres of the total area.

The main 52-foot well and a standby well are located upon Lot No. 10, which has been dedicated for utility use. Water is pumped through 3,400 feet of 4-inch plastic pipe to a 30,000-gallon storage tank located on the knoll of an adjacent hillside. Approximately 2,400 feet of 8-inch plastic mains attached to the bottom of the storage tank, which parallels the 4-inch main, provide the approximate 75 psi head on the 6-inch plastic main that comprises the distribution main.

Applicant proposes a flat rate of \$7.50 per month to be billed bimonthly.

Applicant has accepted the suggestion of the staff that a fund be established to guarantee funds during the development period and has agreed by letter dated November 20, 1973 to establish a fund amounting to \$200 per lot for each lot sold.

After consideration the Commission finds that:

1. Public convenience and necessity require the granting of the application.
2. The proposed rates are just and reasonable.
3. With reasonable certainty the project involved in this proceeding will not have a significant effect on the environment.
4. A public hearing is not necessary.

The Commission concludes that the application should be granted.

Applicant is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

### O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Rancho Sendero Water Company, authorizing it to construct and operate a public utility water system to serve Rancho Sendero Subdivision, near the community of Lower Lake, as delineated on the map in Exhibit E 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, 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 shall become effective on the fourth day after the date of filing.

3. 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.

4. Within ten 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.

5. Beginning with the year 1974 applicant shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3 percent. This rate shall be used until review indicates it should be revised. Applicant shall review the depreciation rate, using the straight-line remaining life method, when major changes in depreciable utility plant composition occur and at intervals of not more than five years, shall revise the depreciation rate in conformance with such reviews, and, upon completion of such review, shall submit promptly to this Commission the results thereof.

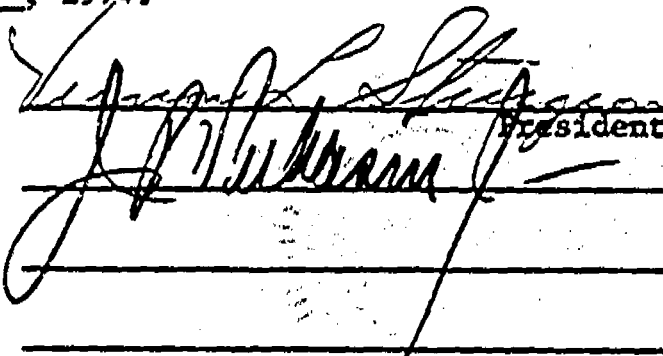
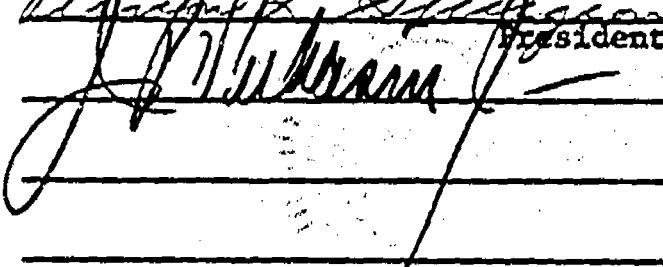
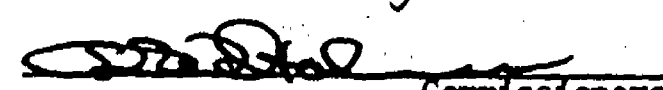
6. Applicant shall set up formal books of account in conformity with the Uniform System of Accounts for Class D Water Utilities by this Commission and record therein the appropriate charges to plant and cash accounts. A credit to Ac. 200, Common Stock, for the stated value of stock actually issued, not to exceed \$43,300, and a credit to Ac. 203 for any amounts by which actual costs, when ascertained, exceed the amount of stock issued.

7. Applicant shall execute a contract with the developer of Rancho Sendero Subdivision substantially in conformity with Appendix B attached hereto, and file two copies of such contract, attention Finance and Accounts Division, concurrently with the tariffs authorized in Ordering Paragraph 2 of this decision, such contract to show that the developer agrees that no lot in Rancho Sendero

Subdivision shall be sold, transferred, or encumbered without payment of \$200 by developer at the time of the transaction, for each of the 40 numbered lots shown on Exhibit E, page 2, attached to Application No. 54422.

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

Dated at San Francisco, California, this 5th  
day of MARCH, 1974.

  
President  
  
  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Rancho Sendero Subdivision and vicinity, Lake County

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit ....	\$7.50
a. For each additional single-family residential unit on the same premises and served from the same service connection .....	7.50

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter.
2. If the utility so elects, a meter shall be installed and service provided under Schedule No. 1, Metered Service.

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Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Rancho Sendero Subdivision and vicinity, Lake County.

RATES

Service Charge:	Per Meter Per Month
For 5/8 x 3/4-inch meter .....	\$4.50
For . 3/4-inch meter .....	5.00
For 1-inch meter .....	6.50

Quantity Rates:

First 1,500 cu.ft., per 100 cu.ft. ....	\$ .30
Over 1,500 cu.ft., per 100 cu.ft. ....	.20

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 month.

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LOSS REIMBURSEMENT AGREEMENT

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ by and between James Ellis Bogle, President of Rancho Sendero Water Company (hereinafter designated "Utility"), and James Ellis Bogle and Lorene Bogle (hereinafter designated "Developer").

W I T N E S S E S

WHEREAS, Utility and Developer desire to enter into an agreement to assure the successful operation of a water system by Utility to serve Rancho Sendero Subdivision in Lake County being developed by Developer, and

WHEREAS, Developer has agreed to provide funds to assure the successful operation of the water system in said subdivision,

NOW, THEREFORE, FOR AND IN CONSIDERATION of the promises, covenants, and agreements herein contained and subject to the terms, conditions, and provisions herein contained, the parties do hereby agree as follows:

1. Developer will pay to Utility \$200 per lot upon the initial sale or transfer by the Developer of each lot in Rancho Sendero Subdivision, Lake County. Such funds are to be deposited in a separate, interest-bearing account in a bank or savings and loan association in California. These funds, together with interest thereon, shall be used only for paying the following costs of the utility and only to the extent that water service revenues are less than expenditures for Rancho Sendero Subdivision:

a. Out-of-pocket (cash) expenses properly chargeable to the below listed accounts in the Uniform System of Accounts for Class D Water Utilities prescribed by Decision No. 69950 dated November 16, 1965:

Ac. 726 - Power  
Ac. 734 - Operation and Maintenance Employee Labor  
Ac. 735 - Operation and Maintenance Materials  
Ac. 736 - Operation and Maintenance Contract Work

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Ac. 507.1 - Property Taxes  
Ac. 507.2 - Payroll Taxes

- b. Replacement of or improvement of plant facilities to serve the subdivision provided that such expenditures have first been authorized by a letter from the Secretary of this Commission.

2. A maximum of ten percent (10%) of the cumulative amount paid into the fund, exclusive of disbursements therefrom, shall be utilized to pay the above expenses in any single year.

3. No amounts in this fund shall be disbursed to pay salaries or expenses of owners, officers, or shareholders of Rancho Sendero Water Company or of members of their families, for operating or managing the utility.

4. Upon the 20th anniversary of the initial deposit, any amount remaining in the loss reimbursement fund not utilized shall be refunded to the Developer or paid to his designee. If, prior to the 20th anniversary of the initial deposit, the Utility is providing water service at authorized rates to a sufficient number of active services to be earning a reasonable return on its investment, either the Utility or the Developer may request a letter from the Secretary of the Commission directing the Utility to refund any unexpended balance in the loss reimbursement fund to the Developer or his designee.

5. Applicant shall provide the Developer with a statement not later than March 31 of 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. Two copies of this statement shall concurrently be filed with the Commission, attention of the Finance and Accounts Division. Two copies of this Loss Reimbursement Agreement shall be filed with the Commission.

6. For purposes of this agreement, when used herein:

- a. "Commission" shall refer to the Public Utilities Commission of the State of California.



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- b. "Water service revenues" shall mean all revenue billed by Utility to its customers in the Rancho Sendero during a calendar year in accordance with Utility's applicable tariff schedules for water service.
- c. "Out-of-pocket (cash) operating expenses and property taxes" shall include cash payments of operating expenses and property taxes incurred in the rendition of water service to Rancho Sendero chargeable to Accounts 726, 734, 735, 736, 507.1, and 507.2 of the Uniform System of Accounts for Class D Water Utilities prescribed by the California Public Utilities Commission in Decision No. 69950 dated November 16, 1965.

7. All notices, demands, reports, or statements in this Agreement provided to be given, or made or sent, or which may be given or made or sent by the parties hereto by reason of the matters referred to herein shall, unless address changes are effected by notices given to the parties in the manner and at the addresses listed below, be in writing and may be served upon respective parties in person or by depositing the same in the United States Registered Mail, postage prepaid, and addressed as follows:

To Utility

Rancho Sendero Water Company  
(Address)

To Developer

James Ellis Bogle and Lorene  
Bogle  
(Address)

To California Public  
Utilities Commission

California Public Utilities  
Commission  
State Building, Civic Center  
San Francisco, California  
94102

8. This agreement shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction.

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9. It is agreed that in case suit shall be brought by Utility to recover any sums due it from the Developer pursuant to the terms of this Agreement, Developer shall pay Utility all costs incurred in connection therewith including a reasonable attorney's fee which shall be fixed by the court and Utility shall have judgment therefor.

IN WITNESS WHEREOF, the parties have executed this Agreement the date and year first above written.

RANCHO SENDERO WATER COMPANY

By \_\_\_\_\_

By \_\_\_\_\_

OWNER

By \_\_\_\_\_

By \_\_\_\_\_