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Decision No. 83582

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of JOSEPH C. SMYTH and VICTOR D.
KIEWER, a Joint Venture, doing
business as BEASORE MEADOWS WATER
SYSTEM, for a certificate of
public convenience and necessity
to construct a public utility
water system near Bass Lake, in
Madera County, and to establish
rates for service.

Application No. 54371
(Filed October 9, 1973;
amended October 23, 1973)

O P I N I O N

Joseph C. Smyth and Victor D. Kiewer (applicants), doing business as Beasore Meadows Water System, seek a certificate of public convenience and necessity to construct a public utility water system in Beasore Meadows Subdivision No. 1 located approximately 13 miles northeast of the unincorporated community of Bass Lake in Madera County. Applicants also request authority to establish rates.

A report of a field investigation was prepared by the Commission staff and presented on July 30, 1974 which is hereby made a part of the record as Exhibit 1.

Notice of the application was published on October 11, 1973 in the Commission's Daily Calendar. No protests have been received.

Affiliation and Management

Applicants consist of a copartnership of Joseph C. Smyth, a registered civil engineer of the State of California, and Victor D. Kliewer, a businessman and developer and a resident of eastern Madera County. Each partner has an equal interest, benefits, and responsibilities in the water system. Mr. Kliewer is the developer of a portion of the lands to be served by the utility.

Applicants will service and operate the system from the engineering office of Mr. Smyth at Oakhurst, California. Four water utility systems are presently being operated from such office. The combined facilities and equipment will be utilized to contribute to the efficient management of the proposed system.

The amendment to the application states that financing of the project has been accomplished. Schedule 8 attached to the amendment shows that Joseph C. Smyth has a net worth of \$209,218 as of July 31, 1973 and that Victor D. Kliewer has a net worth of \$342,347 as of August 31, 1973.

Proposed Service Area

The proposed water system is to serve a subdivision of approximately 40 acres, divided into 208 lots of 50 feet by 130 feet each. The subdivision is known as Beasore Meadows Subdivision No. 1 and was authorized by Madera County in 1926. It is located in a rolling mountain meadow at 6,800 feet elevation approximately 13 miles northeast of the unincorporated community of Bass Lake in Madera County. The area may be more particularly described as being a domestic subdivision situated in the southwest quarter of the southeast quarter of Section 32, Township 5 South, Range 23 East, Mount Diablo Base and Meridian, within the boundaries of the Sierra National Forest.

The subdivision is designed primarily as a recreational-residential subdivision to accommodate second homes, mobile homes, and travel-trailers.

Applicants propose to provide water service only during the months of June through October. The staff estimates there are 90 potential customers.

Description of Water System

Formerly a few cabins were supplied with water from a spring in conjunction with a small redwood storage tank through 2-inch and 2-1/2-inch galvanized water lines. Applicants have installed 6-inch, 4-inch, 2-1/2-inch, and PVC lines to modernize and complete the water system. They have also constructed a 43,000-gallon reinforced concrete storage tank. Services and hose bibs have been installed to all building sites. Although the water pipe, in some respects, is smaller than required by General Order No. 103, it should be adequate for this recreational subdivision. Four fire hydrants have been installed, three of which are attached to 6-inch lines.

The system is supplied from springs with a reported flow of 47 gpm which the staff engineer considers adequate. The system will operate by gravity from the storage tank at pressures of 30 and 55 psi.

The U. S. Forest Service has granted a Special Use Permit to applicants allowing the development of five springs, the use of a 2,800-foot right-of-way, space for two storage tanks, and the use of a 400-foot access road.

Applicants have not applied to the Madera County Health Department for a water supply permit.

Rates

Applicants propose annual flat rates, annual metered rates, and public fire hydrant rates. Since winter service is impractical, and the entire system will have to be drained each fall, applicants plan to serve only during the June through October summer months. The staff therefore suggested seasonal rates, with which applicants have agreed. It is applicants' intention to install meters only where flooding or waste of water is demonstrated.

Operating Costs

It is the staff's opinion that the operating costs will be low due to the summer service only. Major expenses involve the summer start-up, fall shutdown, and annual billing.

Plant Cost

Applicants have provided the piping details in letters to the staff dated May 28, 1974 and July 12, 1974.

The staff recommends that the application be granted ex parte. It also states that the subdivision was authorized in 1926 and that the plant is already installed.

Findings

1. Public convenience and necessity require that the application should be granted as set forth in the following order.

2. Applicants possess the financial resources to construct and operate the proposed system.

3. The rates set forth in Appendix A attached hereto are fair and reasonable for the proposed service.

4. Applicants' proposed system will provide reasonable service for the proposed certificated area and meets the minimum requirements of General Order No. 103.

5. A water supply permit has not been applied for from the health authority having jurisdiction in the area.

6. It is reasonably certain that the project involved in this proceeding will not have a significant effect on the environment.

7. A public hearing is not necessary.

It is concluded that the application should be granted subject to the conditions set forth in the following order.

Joseph C. Smyth and Victor D. Kliewer are 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 Joseph C. Smyth and Victor D. Kliewer, a partnership doing business as Beasore Meadows Water System, authorizing them to operate as a water corporation, as defined in Section 241 of the Public Utilities Code, to serve Beasore Meadows Subdivision No. 1 situated in the southwest quarter of the southeast quarter of Section 32, Township 5 South, Range 23 East, Mount Diablo Base and Meridian, within the boundaries of the Sierra National Forest.

2. Applicants are authorized to file, after the effective date of this order, the schedules of rates set forth in Appendix A attached hereto, tariff service area maps 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 the tariff schedules shall become effective thirty days after the date of filing.

3. Compliance with paragraph 2 of this order shall constitute acceptance by applicants of the right and obligation to furnish public utility water service to the area certificated herein.

4. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

5. Applicant shall file an application for a water supply permit with the proper public health authorities and file a copy of such application in this proceeding.

6. Within ten days after service is first furnished to the public under the authority granted herein, applicants shall file written notice thereof in this proceeding.

7. Applicants shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within thirty days after the water system is placed in operation under the authority granted herein, applicants shall file two copies of such map with the Commission.

8. Applicants shall set up formal books of account in accordance with the Uniform System of Accounts for Class D Water Utilities.

9. Applicants shall establish a separate bank account for the water operation, deposit all receipts therein, and make all disbursements therefrom.

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

Dated at San Francisco, California, this 11th
day of OCTOBER, 1974.

Vernon L. Sperry
President
William Sperry, Jr.
[Signature]
[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 5

Schedule No. 1S

SEASONAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished on a seasonal basis. Service is limited to the period of access to the subdivision and assumed to be June 1 through October 30.

TERRITORY

Beasore Tracts and vicinity, northeast of Bass Lake, Madera County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:	
First 600 cu.ft. or less	\$6.00
Next 1,400 cu.ft., per 100 cu.ft.50
Next 4,000 cu.ft., per 100 cu.ft.40
Over 6,000 cu.ft., per 100 cu.ft.30
Seasonal Minimum Charge:	
	<u>Per Meter</u> <u>Per Summer Season</u> <u>June 1 through October 30</u>
For 5/8 x 3/4-inch meter	\$30.00
For 3/4-inch meter	40.00
For 1-inch meter	60.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one-fifth of the seasonal minimum charge will purchase at the Monthly Quantity Rates.

(Continued)

APPENDIX A
Page 2 of 5

Schedule No. 1S

SEASONAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. Service may be taken under this schedule for summer season only.
2. The seasonal minimum charge is payable in advance on or before the initial day of the season.
3. The charge for water used in excess of the quantity allowed each month under the seasonal minimum charge may be billed monthly or bimonthly at the option of the utility. When meters are read bimonthly, the charge will be computed by doubling the number of cubic feet to which each block rate is applicable on a monthly basis.
4. The opening bill for metered service, except upon conversion from flat rate service, shall be the established seasonal minimum charge for the service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one one-hundred-fiftieth ($1/150$) of the number of days remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period in which service is taken. If service is not continued for at least five months of the first year after the date of initial service, no refund of the initial seasonal charges shall be due the customer.

APPENDIX A
Page 3 of 5

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on a seasonal basis. Service is limited to the period of access to the subdivision and assumed to be June 1 through October 30.

TERRITORY

Beasore Tracts and vicinity, northeast of Bass Lake, Madera County.

RATES

	Per Service Connection Per Summer Season
	June 1 through October 30
For a single-family residential unit, including premises	\$35.00
For each additional single-family residential unit on the same premises and served from the same service connection	5.00

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than 3/4-inch in diameter.

(Continued)

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Contd.

2. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1S, Seasonal 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. Service may be taken under this schedule for summer season only.

4. The seasonal minimum charge is payable in advance on or before the initial day of the season.

5. The opening bill for flat rate service shall be the established seasonal flat rate charge for the service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one one-hundred-fiftieth ($1/150$) of the number of days remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period in which service is taken. If the service is not continued for at least five months of the first year after the date of initial service, no refund of the initial seasonal charges shall be due the customer.

APPENDIX A
Page 5 of 5

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, organized fire districts, and other political subdivisions of the State.

TERRITORY

Beasore Tracts and vicinity, northeast of Bass Lake, Madera County.

RATE

Per Month

For each hydrant \$2.50

SPECIAL CONDITIONS

1. Water delivered for purposes other than fire protection shall be charged for at the quantity rates in Schedule No. 1S, Seasonal Metered Service.
2. The cost of relocation of any hydrant shall be paid by the party requesting relocation.
3. Hydrants shall be connected to the utility's system upon receipt of written request from a public authority. The written request shall designate the specific location of each hydrant and, where appropriate, the ownership, type, and size.
4. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.