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ORIGINAL

Decision No. 83670

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Thomas L. Ward & Richard John Heinrich dba OLD RANCH ROAD WATER COMPANY for a Certificate of Convenience and Necessity to operate a Public Utility Water System and Establish Metered Rates for Water Service in an Unincorporated area in the County of Santa Cruz approximately 0.3 miles west of Summit and Hutchinson Roads intersection, west of Highway 17.	Application No. 54395 (Filed October 18, 1973; amended April 10, 1974)

Richard John Heinrich, Tom L. Ward, and Juanita Heinrich, for Old Ranch Road Water Company, applicant.
Alfonse Van Dalen, for himself, interested party.
Lionel B. Wilson, Attorney at Law, Jack Gibbons, and Melvin E. Mezek, for the Commission staff.

O P I N I O N

Applicants own and operate a small water utility in the Summit area in Santa Cruz County. They have recently purchased and subdivided a nearby tract containing 37 lots and a 70-acre green belt. Their existing water utility was constructed and is operated without a certificate of public convenience and necessity (Section 1001, Public Utilities Code). They have constructed a main extension to serve the new tract, which will be known as Riva Ridge.

The applicants' existing water utility now serves some 14 households. The system was designed primarily to serve lots sold or homes built by applicants; applicants will, however, accommodate other potential customers located near the system's mains. The Riva Ridge extension will serve five homes outside of the tract. None of these homes was built on land purchased from applicants; one of the homes was built by Mr. Ward's construction firm.

Each of applicants' prior subdivisions in this area consisted of less than four homes. Consequently no subdivision report was required, and the Department of Real Estate had no opportunity to advise potential land purchasers whether or not applicants' water supply arrangements were lawful.

Since Riva Ridge is to consist of more than four lots, a subdivision report is necessary; the Department of Real Estate will refuse to approve a report if the subdivision is supplied by an uncertificated water system. Applicants seek a certificate for both the original system and the well, tanks, and mains installed to serve Riva Ridge. Hearings were held on April 22 and 23, 1974 in San Jose before Examiner Gilman.

Other Water Purveyors

Other water systems in the area include a mutual water company serving Redwood Estates, another mutual serving the Stagecoach Road area, the Mountain Charlie Waterworks, and the Scotts Valley Water District.

Neither of the two mutual companies has sufficient water to serve additional customers. Mountain Charlie Waterworks is not a certificated public utility, nor does it appear to be a mutual. Its system does not meet the minimum standards of the County Health Department.

The District serves Scotts Valley and surrounding areas. Its closest main to applicants' service area is approximately three miles away. The District ultimately plans to extend its existing system to the Summit area.

Position of the Parties

Applicants suggest that the Commission should not be concerned over economic feasibility of the utility operation since they plan to subsidize the company by providing free services and also funds, if necessary. They claim that these subsidies can be relied on as a permanent substitute for fiscal self-sufficiency because they plan to reside in the area and to continue their subdivision operations indefinitely.

They argue that the Commission should give them a chance to show that small water companies can be feasible. They also point out that, unless the Commission authorizes the proposed extension, they may not be willing and able to continue to subsidize the service to their existing customers.

They contend that their water supply is adequate and are willing to upgrade the system in accordance with Commission requirements.

Staff took the position that retroactive granting of a certificate for the existing system would be a nullity. It asserted that the operation is subject to the Commission's jurisdiction and to the statutory obligations of a public utility regardless of whether the system was certificated.

Staff counsel and the Finance and Accounts Division contended that the company should not be authorized to extend service to the Riva Ridge tract because of economic infeasibility and because of an unreliable water supply.[1/]

1/ It also claimed that applicants had not demonstrated that they had the legal right to appropriate the headwaters of flowing streams in derogation of the rights of downstream owners.

The Utilities Division argued that, since the applicants have completed construction of the Riva Ridge extension and since the public witnesses supported the application, public convenience and necessity have been proven. It claims that 60 percent of the people in the existing service area do not want a district, and that mutual systems do not work well.

The Utilities Division recommended that the system be modified to provide adequate pressures, that the two segments of the present system be physically connected, and that a loss reimbursement fund be established. They recommend that a certificate should be granted if an adequate supply is proven to exist and if these other conditions are met.

The System

The utility plant consists of two physically separate water utility systems. The first was constructed during 1971 and 1972 to serve six homes along Old Ranch Road. These homes were built on land acquired as two separate parcels by Ward and Carstens,[2/] each of whom divided his own parcel into three lots.

The second portion of the system is on Marty Road. This segment was constructed to serve a four-lot subdivision initiated by a sale by Ward and Carstens to Heinrich-Ward and Associates, Inc. which, in turn, subdivided the parcel. Ward built homes on the lots.

The lots in both of these tracts were sold with the assurance that water service would be available.

The Old Ranch Road segment was subsequently expanded to serve five lots (not purchased from applicants) on which Ward was constructing homes. The final extension serving Riva Ridge also will supply other lots not sold by the subdividers.

2/ Carstens is an employee in Ward's building enterprise. He was at one time a partner in the water company.

It is planned to interconnect the two segments and to provide a 100,000-gallon storage tank in Riva Ridge in addition to the single 78,000-gallon and two 13,000-gallon tanks now in use.

The Riva Ridge system is designed to provide service at a minimum pressure of 20 psi rather than the 40 psi normally recommended by the Hydraulic Branch.[3/]

Water Supply

Applicants now have a well for each of the two segments of their present system; a third well has been drilled but not tested. The first two wells each tested at something less than 22 gpm. According to the staff engineer such tests are not indicative of water supply.

If an interconnection can be arranged and if the third well tests out as expected, there should be sufficient well capacity for the Riva Ridge customers. However, according to the staff engineer, well capacity is not assurance of an adequate, reliable water supply. He pointed out that two adjacent water systems had been unable to develop reliable wells and that one had, as a consequence, abandoned water service. He also pointed out that there is virtually no rain to recharge the aquifer during the summer months.

An engineer employed by the Scotts Valley Water District was called by the staff; he introduced a geologic study prepared by the U.S. Department of the Interior, which he had found to be reliable in his experience with the District. He indicated that wells in the Summit area would draw from the very top of the Santa Margarita aquifer and that heavy and increasing usage at lower levels could drain the upper portion of the aquifer, especially during the dry summer months.

3/ General Order No. 103 permits normal pressures to vary between 25 psi and 125 psi.

Applicants' engineering witness testified that applicants' wells were not located in the Santa Margarita aquifer but in a much smaller perched aquifer. He had, however, made no formal study to demonstrate the existence of the perched aquifer or of its capacity and reliability as a water source.

There is another issue concerning source of supply reliability. The record indicates that each of the Riva Ridge lots will be equipped with a septic tank, discharging into the same aquifer which supplies applicants' wells. We do not have sufficient evidence to find that the aquifer has sufficient capacity to function both as a source of domestic water and as a receptacle for septic effluent. Nor do we have sufficient evidence to indicate the impact of a septic tank malfunction on applicants' water sources.

We should not grant a certificate to a utility which cannot demonstrate that it has an adequate, reliable source of supply. This record is insufficent basis for such a finding.

Service Area Fragmentation

In Fulton Utility Water Co. (1965) 64 CPUC 286 at 289, we held:

> "In the past the peripheral areas of many of California's cities and towns have developed in a haphazard manner. In some places subdivisions have developed at such a distance from one another that numerous certificates have had to be issued. In some such situations there are enough customers to maintain a first class utility with professional water works personnel in charge and adequate funds for such additions and betterments as become necessary, but, due to the order in which sub-divisions have been created, it has happened that the customers are divided among a number of small utilities which do not have adequate funds for a first class utility service. The situation just described is undesirable and the Commission proposes to avoid it wherever that is possible.

> In view of the small number of consumers proposed to be served by applicant and in view of the fragmentation of a potentially unified service area which would result from the granting of the application, it would be contrary to the public interest to certificate applicant's proposed system."
>
> (See also Holland & Fosdick (1960) Decision No. 60705 in Application No. 42308; Petition for Rehearing Denied, Decision No. 60980.)

In a proceeding reviewed by the Supreme Court, the Commission issued a certificate without considering the merits of service by a nearby district. The Supreme Court annulled the order, noting that the desire of subdividers for service by privately owned systems must be subordinated to the public need for the most reliable, economical service possible. The court remarked that the Commission could decide whether public convenience and necessity require certification "... only after considering what the alternatives are". (Ventura County Waterworks Dist. v Pub. Util. Comm. (1964) 61 Cal 2d 462 at 466.)

In that case the affected District appeared and vigorously advocated the merits of its own service; here the affected District did not. However, it is overwhelmingly clear that we cannot allow such an issue to be decided by default. Rather, the Commission has a sua sponte responsibility to make a comparison of both alternative methods of providing service. (Northern Calif. Power Agency v PUC (1971) 5 Cal 3d 370; Scenic Hudson, etc. Conf. v F.P.C. (1965) 2d Circ., 354 Fed 2d 608, cert. den. 384 US 941.)

Critical appraisal of a proposed new utility is especially needed where the utility's management is also the subdivider of the territory to be served. In such a situation the utility's system, its service area, its development plans, and its whole operational format are all likely to be geared to making the subdivision immediately profitable. This goal is often at odds with the long-term needs of the customers who will occupy the subdivision, and it is rare indeed for the developer-utility owner to consider the impact of its development plans on existing or potential residents of surrounding territories.

As regulators we cannot merely respond passively to the initiatives of private entrepreneurs, automatically approving those which have no specific defect. As indicated in the above cited cases, the power to veto or approve should be used actively and constructively to achieve the best feasible accommodation of all the needs of every segment of the public likely to be affected.

This proceeding should not have been taken under submission until the record was sufficient to compare the impact of applicants' service with service by the District, in terms of long range impact on Riva Ridge residents and on existing or potential residents of surrounding areas.

Economic Feasibility

The public expects any certificated public utility to give good service at reasonable rates. We have been given the power and responsibility to veto the construction of a proposed new utility if it is incapable of meeting those expectations, by denying it a certificate (Section 1001, Public Utilities Code). On the issue of economic feasibility we have held (App. of Munroe Wells (1955) 54 CPUC 219):

> "When an applicant, as herein seeks the privilege of operating as a public utility it thereby dedicates its service to the public and covenants with the State that it will perform its public duties as a utility. Of these duties, a most fundamental one is that it will furnish an adequate and a continuing service to the public at reasonable rates. The public interest is paramount and it is the plain duty of this Commission to protect that interest. The prospective water utility should have some probability of successful operations if the public interest is adequately to be served. If it does not it may collapse, leaving the water users who are completely dependent upon it with a deteriorated system or inadequate service, or indeed, with no service whatsoever."

The Commission further indicated that a certificate could not be granted to a utility which would not be self-sustaining:

> "...without negating the principles of proper utility financing and without placing applicant in such a deficient operating situation[4/] as to make eventual successful operation extremely remote and improbable, if not impossible."

We also observed that:

> "The record in this proceeding makes it plain that the developers of the Columbia Rancho subdivision are concerned with the sale of homes and not with the operation of a public utility system from which such homes might receive water service. . . ."

4/ In Decision No. 51740, in this same proceeding, the Commission approved an alternate financing plan which made this operation feasible and granted a certificate for the existing unlawful water service.

In considering a proposal for a water system intended to serve from 125 to 132 lots (App. of Woodside Oaks Water Company (1955) 54 CPUC 435), we said:

> "The financial showing in this record is wholly inadequate and, in our opinion, contrary to the public interest. Applicant is wholly dependent upon its parent and could not hope adequately to operate the system without it. Indeed, one pump failure or one major repair could require a greater operating expense expenditure than the total of applicant's estimated annual operating expenses of $500 assignable to maintenance and operation of the pumps and the distribution system. The rental of office space and the hiring of even part-time labor to operate the system independently would surely exceed the $400 contemplated by applicant as the total annual expenses assignable to customers' accounting and collecting and general expenses. In short, the utility company, set up by the Peninsula Development Company to supply the water which will enable the developer to sell its real estate, cannot survive alone." (Supra, p. 439.)

In dealing with another instance where a subdivider sought a certificate to permit sale of lots (App. of Bonander, dba King's River Estates, Decision No. 77520, App. No. 51257), we said:

> "The Commission has had considerable experience with small water utilities that have large rate bases and few customers. Such systems are often operated at a loss for several years until the lots in the subdivision are sold. As the utility must be subsidized by the proprietor during the period of development, requests for rate relief and subsequent higher charges to customers become unavoidable...

> "Applicant's showing is not sufficient, in our opinion, to justify issuance of a certificate for the proposed water system. The financial protections suggested by the staff[5/] might tend to lessen the economic burden on applicant's utility operations during a somewhat lengthy development period, but there is no evidence in this record, by a prospective lot buyer or home builder, of a present or future need for public utility water service in the proposed service area. Moreover, applicant has failed to show that his proposal is economically feasible.
>
> "The Commission, on this record, finds that applicant has not shown that public convenience and necessity require the issuance to him of the requested certificate, or that the proposed public utility water service would be economically feasible."

Perhaps the fullest discussion of water utility feasibility is to be found in High Mountain Waterline Co. (1969) 78 PUR 3d 348. The Colorado Commission in that case refused a certificate for an operation which could not "...achieve a satisfactory economic position in the foreseeable future...". (At p. 353.)

Economic feasibility was defined as follows:

> "An economically feasible project may be defined as one which, within a reasonable time, generates sufficient revenue from the rates charged to pay all necessary operating expenses and provide an adequate return to the investors of the company to attract future investment capital and maintain the financial integrity of the company." (Supra, p. 352.)

In that case, as in this, the entreprenuers offered to absorb deficits; the Colorado Commission said:

5/ I.e., a loss reimbursement fund similar to that suggested by staff herein.

"It should be clearly noted that it is not in the public interest for any company to make such a rate guarantee when such a guarantee could be confiscatory to the company. It has always been the position of this commission that the public interest can only be served through the maintenance of a healthy economic situation for both the company offering its utility services and for the consumers using such services.

"No utility company can usurp the regulatory function and rate-making policies of this commission by guaranteeing specific rates to customers for any period of time. A utility company cannot contract away its right to necessary rate relief since a financially viable utility is essential to public convenience and necessity.

* * *

"In summary, this commission has a duty and an obligation in granting certificates of public convenience and necessity to evaluate all aspects of any proposal. In the instant proceeding there has been no firm showing of an adequate water supply, nor has there been a proper showing of economic feasibility for the involved project. The possession of a certificate, such as that sought in this proceeding, is a continuing property right. . . . It would not be in the best interest of the herein prospective customers to buy into a situation which may, in the opinion of the commission, require substantial increases in rates." (Supra, p. 354.)

The precedents cited above indicate that economic feasibility is one of the crucial issues which must be resolved before a finding of public convenience and necessity can be made.

The Hydraulic Branch urges that we find this utility economically feasible even though its revenues at full development will not cover depreciation or the services provided by the proprietors. We think, however, that adoption of an out-of-pocket cost standard for certification would have serious adverse effects on consumers. Our certification powers were granted so that we could stop the development of utility projects which, for one reason or another, offer unacceptable risks to consumers. While the risks of fiscal insufficiency are not so obvious as, for example, those resulting from supply problems, they are nevertheless real and substantial.

An applicant who is consciously willing and eager to create a permanently deficit-ridden utility operation is rarely encountered except in the fields of water or sewage services. In those fields, the motive for what would otherwise be economically irrational behavior is usually provided by the applicant's interest in subdividable land which cannot be provided with water or sewage by more conventional means, such as the normal expansion of a nearby utility. The utility owner-subdivider is therefore willing to absorb the costs and inconveniences of utility ownership rather than try to sell his lots without utility service.

Such subdivider-applicant can be expected to provide good utility service regardless of deficits as long as he has lots or homes to sell. When, however, the last dollar of realty profit is realized, the utility owner could be realistic enough to recognize the utility as a permanent incurable drain on his assets, and

ruthless enough to exercise his right to abandon[6/] immediately. In such a case the Commission's regulatory powers would provide no permanent protection for the consumer.

Usually, however, there is a more gradual process. The utility owner begins by skimping on anything that requires an actual cash outlay, even though it may threaten service reliability. These economies eventually lead to service problems; such problems lead customers to withhold payments, in turn necessitating further economies, producing poorer service, and so on in a vicious cycle.

This process is usually accompanied by increasing acrimony between owner and customers. Understandably the customers are unwilling to pay full rates for substandard service. The owner, on the other hand, tends to resent the consumer's refusal to be grateful that he is continuing to render any service at all.

The Commission finds it difficult to break this cycle. Its attempts to protect the consumers are necessarily tempered by the knowledge that any severe demands on the utility can be countered by a threat to abandon. Since the owner's equity in a fiscally deficient utility is an economic liability rather than an asset, such a threat is entirely credible. Thus, once the cycle is established, the Commission is likely to expend disproportionate amounts of time and effort (and taxpayer's money) without giving the affected consumers much real protection.

Thus, the customers of a chronically deficit-ridden utility are, whether they realize it or not, perpetually at the mercy of the utility's management, and our usual regulatory practices offer them little, if any, protection against an owner who has both the legal power and economic motive to abandon, rather than comply with, any Commission order he dislikes.

6/ Lyon & Hoag v RR Comm. (1920) 183 C 145 held that a utility cannot be compelled to continue operations at a loss, but has a right to abandon the utility property to the public and escape any further liability.

Allowing any such owner to advertise homes or lots as being served by a regulated public utility is therefore highly misleading. No certificate should be granted to a proposed new utility unless it will be fiscally self-sustaining and thus fully and permanently amenable to regulation.

More specifically, we must require a showing that any new water utility will eventually generate at least enough revenue to pay the full costs of operation, including depreciation and the market value of the owners' services. The costs should be calculated without the benefit of allocations between permanent utility and temporary real estate operations.

Even though their proposal cannot meet these standards, applicants urge that we should nevertheless grant a certificate for the protection of their existing customers. Their theory is that certification will allow sales in Riva Ridge and that the profits from such sales will support continued subsidies to the utility operation.

We are, of course, concerned about the water needs of the customers applicant acquired unlawfully, but we do not think it appropriate to give what is, at best, temporary protection to 19 customers at the cost of entangling 37 more.

The Hydraulic Branch urges that we should grant a certificate now in the hopes that a district or major utility will be willing to absorb the system in the future. Such an outcome would, of course, minimize, perhaps eliminate, the disadavantages of applicants' proposal. However, if such an outcome is feasible, we think definite arrangements should be completed before, not after, any more customers are induced to purchase homes.

Applicants contend that they will ignore their economic interests and never exercise their constitutional rights to abandon.

We think, however, that utility customers' right to good service at reasonable rates should rest on something more substantial than the proprietor's unenforceable good intentions, no matter how sincere.

Applicants argue that they intend to be permanently engaged in subdivision activities in the Summit area and that, consequently, they will never be motivated to abandon service. Again, we do not think that the consumer's guarantee of good service should depend on the perpetual prosperity of a subdivision enterprise.

The Hydraulic Branch asserts that a loss reimbursement fund is the established and approved method of dealing with all feasibility problems, and that a certificate should issue if such a fund is established even though the operation is economically unfeasible.

The loss reimbursement fund was evolved to meet a specific problem encountered by water utilities serving new subdivisions. The background was described in our 1970-71 annual report.

> "Since many of the lots in such subdivisions are purchased by buyers who do not intend to build for some time, or else are purchasing as a speculation, it may be a long period of time until the revenues realized by the system are sufficient to offset the operating expenses. In order to permit the certification of systems to serve lot-type subdivisions, the Commission has, since 1968, required the developer of such a subdivision to provide a cash loss reimbursement fund for use to cover out-of-pocket operating expenses."

These funds are a device for dealing with the temporary fiscal problems caused by delayed development. They were never intended to permit certification of utilities which are too small, even at full development, ever to be fiscally self-sufficient (cf. Bonander, supra). If used in a case such as this, such a fund will sooner or later be exhausted leaving customers with no enforceable right to continued service.

Mutual Service as an Alternative

The staff has suggested that conversion of this utility to a mutual (i.e., a cooperative) water company might be a method to untangle the problems presented in this proceeding. The staff proposal implicitly recognized that the Commission would not unilaterally decree the formation of a mutual association or corporation or the transfer of the system to it. The formation of a mutual organization would require the consent of the consumers; the transfer would be a matter of agreement between applicants and the association of consumers. However, a transfer agreement could not be executed without the approval of the Commission (Sections 851 and 854, Public Utilities Code).

The staff has suggested that the applicants should be willing to donate the system to a mutual if one were formed; applicants are, however, unwilling. The staff has not briefed the jurisdictional question, i.e., whether and under what circumstances the Commission has the power and duty to fix the price in these circumstances, nor have they addressed themselves to the question of whether it is premature to consider price so long as the system's owners are unwilling to sell. We do not think those issues are properly before us for decision.

However, we can and should use this opportunity to determine whether formation of a mutual would be a feasible alternate of untangling the private and public issues involved (cf. Scenic Hudson, etc., supra).

There are many mutuals in California which provide satisfactory service to their owner-customers. The large mutual can afford professional management and operation so as to be operated on a basis similar to a conventional public utility. Even if a

mutual is too small to be fiscally self-sustaining, there is no public interest which prevents it from commencing service (cf. Sections 2725-2728, Public Utilities Code). The law assumes that the common self-interest between the owner-customers is an adequate substitute for both fiscal sufficiency and for regulation.

One of the customers testified that his experiences with another mutual had been very unsatisfactory. However, nothing in the record would support a finding that that company's difficulties are common or likely to be experienced by this group of customers.

Applicants have implied that they would not be willing to provide free services or to manage the system even temporarily if it were converted to a mutual. However, since applicants' promise to provide such services to the utility is unenforceable, this point provides insufficient reason to prefer utility over mutual. Moreover, formation of a mutual would not necessarily prevent applicants from continuing to manage and operate the system at whatever compensation is agreed upon.

The mutual would have one clear advantage over service by a utility. A subdivision report indicating that water was provided by a mutual could not give any prospective purchaser exaggerated expectations as to either the utility's duties or this Commission's powers.

Thus, service by a mutual is at least feasible enough to be considered as an alternative. We cannot find it on this record to be less acceptable than utility service (assuming that an adequate water supply is eventually provided). Whether it could be effectuated is a matter that is not within the control of this Commission. To the extent that our jurisdiction is involved, under Sections 851 and 854, we know of no reason which would lead us to disapprove of such a transfer if such approval were sought.

Findings

1. Applicants constructed, own, and operate a water system providing service to a portion of the public, having 14 customers. They have contracted to serve five more customers. Applicants have no certificate of public convenience and necessity.

2. Applicants have constructed a main extension to serve the Riva Ridge subdivision. This construction was continued after a representative of the Commission had warned applicants that extension was unlawful without a certificate.

3. Applicants plan to construct each of the homes in Riva Ridge with septic tanks discharging in the aquifer used as a water source.

4. If discharge from the septic tanks contaminates the aquifer, applicants will no longer have a reliable source of water.

5. There is insufficient evidence to indicate that the aquifer can be reliably used as both a source of water and as a discharge for septic tanks.

6. There is insufficient evidence to indicate whether or not the aquifer used for a water source is a perched aquifer.

7. If applicants' wells draw from the Santa Margarita aquifer rather than from a smaller perched aquifer, applicants' existing and proposed water sources are not reliable.

8. If the aquifer is perched, there is insufficient evidence to indicate whether applicants' sources of supply are reliable.

9. The operation of the present system will not generate sufficient revenues to cover the costs necessary for the operation of the system.

10. It has not been shown that the revenues of the expanded system will generate sufficient funds to cover the costs necessary for the operation of the system.

11. It has not been shown that applicants' service would be equal or superior to service by Scotts Valley Water District insofar as the public interest is involved.

12. It has not been shown that applicants' service would be equal or superior to service by a mutual water company insofar as the public interest is involved.

13. Public convenience and necessity do not require the extension of public utility water service to Riva Ridge.

14. There is insufficient evidence to indicate which rates would be just and reasonable.

15. Applicants now charge the rates set forth in Appendix A. Applicants have not published a tariff setting forth their established rates.

Conclusions

1. Applicants are a public utility.

2. Applicants have no right to expand into contiguous territory until and unless they are granted a certificate of public convenience and necessity by this Commission.

3. Unless the costs of operating the proposed utility are less than the expected revenues at full development, no certificate should be issued.

4. The Commission, in determining economic feasibility, should use predicted costs calculating the owners' services at fair market value.

5. The Commission, in determining economic feasibility, should allow for depreciation.

6. The owners of a noncompensatory utility system have a right to either receive compensatory rates or to abandon the system to the public and escape further liability.

7. No certificate should be issued unless the proprietors of the system have a permanent, enforceable obligation to render good service at reasonable rates.

8. No certificate should be issued without a clear showing of an adequate water supply.

9. No certificate should be issued without a showing that the proposed project will serve the public better than any feasible alternative.

O R D E R

IT IS ORDERED that:

1. The relief requested is denied.

2. After the effective date of this order, applicants are authorized to file the rate schedule attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the schedule shall be five days after the date of filing. The schedule shall apply only to service rendered on and after the effective date of the schedule.

3. Applicants shall not serve more than the 19 customers enumerated in Finding 1 nor construct any main tanks or system to serve additional customers without authorization of the Commission.

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

Dated at San Francisco, California, this 29th day of OCTOBER, 1974.

I abstain.
Thomas Moran
Commissioner

President

Commissioners

I abstain
Robert E. Wyerman
Commissioner

APPENDIX A

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Riva Ridge Subdivision and vicinity, Santa Cruz County.

RATES

	Per Meter Per Month
Quantity Rates:	
First 500 cu.ft. or less	$ 8.00
Next 1,000 cu.ft. per 100 cu.ft.	.70
Next 2,500 cu.ft. per 100 cu.ft.	.55
Over 4,000 cu.ft. per 100 cu.ft.	.45
Minimum Charge:	
For 5/8 x 3/4-inch meter	$ 8.00
For 3/4-inch meter	9.00
For 1-inch meter	11.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.