

Decision No. 36671

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the BIG BASIN WATER COMPANY, a California corporation, for a Certificate of Public Convenience and Necessity, for Permission to issue its Capital Stock and for approval of its schedule of rates.

ORIGINAL

Application No. 24996

Paul E. Colegrove, for Applicant.

BY THE COMMISSION:

O P I N I O N

Big Basin Water Company, a corporation, asks the Railroad Commission for a certificate of public convenience and necessity to furnish water in a tract of land comprising approximately 1,380 acres, situate along the highway between the town of Boulder Creek and Big Basin, a State Park, in Santa Cruz County. These lands are located in Sections 11-14-15 and 24, T. 9 S., R. 3 W., M.D.B. & M. The Commission is also asked to authorize applicant to issue 3,565 shares of stock at a par value of \$25 and to establish a schedule of rates for the service rendered. At the hearing the application was amended to increase the stock issue to 3,765 shares in order to provide for the purchase of additional water production lands.

A public hearing in this matter was held before Examiner Murray R. MacKall at Santa Cruz.

Applicant was organized under the laws of the State of California on or about November 14, 1941, for the purpose among other things, of supplying water as a public utility to lands owned by Harold G. Eilton and Nadine Lydixsen, his sister. The total acreage owned by these two parties is 1,800 acres. An additional 160 acres adjoining these lands on the north, of which 40 acres are

subdivided and known as Robin Hood's Retreat, is also asked to be included in the service area. At present only one consumer is served in the Hilton tract and five consumers are being furnished service in Robin Hood's subdivision, all service being furnished free of charge.

Forty-acres of the Robin Hood's Retreat section was subdivided into 70 lots in 1923 or 1924. At present there are 25 cabins on the tract which are inadequately served by a water system installed at the time the tract was opened. Water is obtained from Robin Hood Creek by pumping into a 20,000-gallon storage tank from which it is distributed to the users through 1 and 2-inch mains. Another 2,000-gallon tank is supplied with water from a spring and furnishes a few cabins at a higher elevation. The consumers claim to be the owners of this system as they have contributed various sums of money for repair, replacement and operation thereof. These consumers have assigned their rights therein to Applicant on condition that water service be furnished by it to the tract. Mr. George Cooper, Vice President of the Company, testified that Applicant would extend its mains and serve the entire 40 acres if authorized by the Commission.

The water supply for Applicant's system is obtained from a stream that originates at a spring located on the 1,800-acre tract. The water is conveyed through a collecting pipe to an excavated concrete lined reservoir having a capacity of 1,250,000 gallons. From the reservoir the water is carried by two 4,700-foot transmission mains to the valley floor. The present distribution lines are 2 inches in diameter and have a total length of 6,000 feet.

Mr. Cooper testified that the estimated cost of the physical properties in the water system, as it now stands, is \$94,111, which sum includes \$1,516 for materials and supplies on hand. The estimated cost of the property less depreciation is \$92,722. The rate schedules submitted are similar to the summer resort rates in effect on other water systems in the general vicinity. The rate schedule set out in the following Order will provide a monthly rate for those consumers who are permanent residents of the tract and an annual rate with a monthly allowance of water throughout the year for those consumers who are only part-time or week-end residents.

The County of Santa Cruz does not grant franchises to utilities but does grant permission for them to operate in and along the highways. Applicant has been granted such a permit by the Board of Supervisors in a resolution dated February 7, 1942, to utilize the county roads for the installation, repair and operation of its pipe lines within the proposed service area boundaries.

No one appeared to object to the application and no other public utility is furnishing water service within the territory requested by Applicant. The evidence indicates that it is for the best interest of the public that a certificate be granted as requested.

Big Basin Water Company has an authorized stock issue of 4,000 shares of the par value of \$25 each or of an aggregate par value of \$100,000. As indicated, the estimated cost, less depreciation, of the properties it intends to acquire is reported to be \$92,722. This sum includes \$2,000 for organization expense. We believe that this is an excessive amount and will allow \$1,000 of the stock issue for that purpose. The Order herein will authorize Big Basin Water Company to issue \$91,800 of stock in payment for properties, provided it acquires the properties free and clear of all liens and encumbrances. It is evident from this Opinion that Applicant will not be for some time in a position to pay dividends on the stock which it will issue in payment for its properties. We have no objection to the present owners of the properties transferring the same to a corporation and controlling them through a corporate form of organization, but any losses sustained by the corporation should be made good by its stockholders in the form of contributions.

O R D E R

Application as amended and entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted, and the Commission being now fully advised in the premises,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES

that public convenience and necessity require the operation of a water system by Big Basin Water Company, a corporation, in that certain territory described as

follows: Southeast Quarter of Section 11, all of Section 14, Southeast Quarter of Section 15, North Three Quarters Section 23, all sections situate in Township 9 South, Range 3 West, Mount Diablo Base and Meridian, and as more particularly delineated upon the map filed as Exhibit No. 1 in this proceeding and hereby made a part hereof by reference, now therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Big Basin Water Company, a corporation, to operate a public utility water system for the sale and distribution of water within the territory hereinabove described, and to exercise the rights and privileges granted by the Board of Supervisors of Santa Cruz County by their resolution dated February 7, 1942.

IT IS HEREBY FURTHER ORDERED that Big Basin Water Company, a corporation, be and it is hereby authorized and directed to file with this Commission within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water service rendered to its consumers subsequent to the 31st day of December, 1942, which schedule of rates is hereby found to be just and reasonable for the service to be rendered.

Flat Rates

For service to summer resident consumers entitling the consumer to six (6) months' continuous service in each year from May to October, inclusive, and due and payable on or before May 1 of each year	\$12.00
For service to summer residents in the months from November to April, inclusive, per month	1.50
For service to permanent resident consumer for all uses of water, per month	1.50

Meter Rates

Permanent Resident Rates applicable only to bona fide permanent residents.

Monthly Minimum Charges

For 5/8-inch meter	\$1.50
For 3/4-inch meter	2.00
For 1-inch meter	2.50
For 1 1/4-inch meter	3.50
For 2-inch meter	5.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rates

From 0 to	500 cubic feet per 100 cubic feet	\$.30
Next	1,000 cubic feet per 100 cubic feet	.25
Next	3,500 cubic feet per 100 cubic feet	.10
Over	5,000 cubic feet per 100 cubic feet	.05

Summer Resort Rates

Calendar Year

Minimum annual charge entitling the consumer to 500 cubic feet of water each month from May 1 to November 1 and 100 cubic feet of water each month from November 1 to April 1 \$15.00

When water is used in excess of the monthly minimum quantity under the foregoing annual charge, the following rate schedule shall apply.

For the Period from May 1 to November 1

From 0 to	500 cubic feet, included in annual charge	
Next	1,000 cubic feet per 100 cubic feet	\$.25
Next	3,500 cubic feet per 100 cubic feet	.10
Over	5,000 cubic feet per 100 cubic feet	.05

For the Period from November 1 to May 1

From 0 to	100 cubic feet, included in annual charge	
Next	400 cubic feet per 100 cubic feet	\$.30
Next	1,000 cubic feet per 100 cubic feet	.25
Next	3,500 cubic feet per 100 cubic feet	.10
Over	5,000 cubic feet per 100 cubic feet	.05

The foregoing summer resort minimum annual charge shall be due and payable in advance on January 1 of each year. Charges for water used in excess of the minimum amounts allowed may be billed monthly, semi-annually or annually, at the option of the utility.

Summer Resort Rates

Calendar Year

Minimum annual stand-by charge due and payable on or before April 1 of each year, but does not entitle consumer to the use of any water. \$10.00

When water is used during any month the consumer will be billed for the quantity delivered for the nearest 100 cubic feet recorded. The following rate schedule will apply for the water used under the foregoing annual stand-by charge.

Monthly Quantity Rates

From 0 to	500 cubic feet per 100 cubic feet	\$.30
Next	1,000 cubic feet per 100 cubic feet	.25
Next	3,500 cubic feet per 100 cubic feet	.10
Over	5,000 cubic feet per 100 cubic feet	.05

IT IS HEREBY FURTHER ORDERED that Big Basin Water Company, a corporation; be and it is hereby directed as follows:

1. Within thirty (30) days from the date of this Order to submit to this Commission for its approval quadruplicate sets of rules and regulations governing relations with her consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of the authorized service area and the location thereof with reference to the surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.
2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn to an indicated scale of not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the various tracts in the territory for which the certificate is granted herein. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service; provided, however, that such map shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

The Commission having considered the request of Big Basin Water Company for permission to issue \$94,125 par value of its capital stock and it being of the opinion that the money, property or labor to be procured or paid for by said Big Basin Water Company, through the issue of \$91,800 of stock, is reasonably required by said Big Basin Water Company for the purposes herein stated; that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application, insofar as it involves the issue of \$2,325 par value of stock, should be dismissed without prejudice, therefore,

IT IS HEREBY FURTHER ORDERED that Big Basin Water Company be, and it is hereby authorized to issue after the effective date hereof and on or before February 28, 1943, not exceeding \$91,800 of its common capital stock in payment for the properties described in Exhibits 4 and 5 on file in this proceeding, provided it acquires said properties free and clear of all liens and encumbrances.

IT IS HEREBY FURTHER ORDERED that this application, insofar as it involves the issue of \$2,325 par value of capital stock, be, and the same is hereby dismissed without prejudice.

IT IS HEREBY FURTHER ORDERED that the authority granted by this Order is subject to the provisions of Section 52(b) of the Public Utilities Act and further to the condition that Big Basin Water Company, its successors and assigns shall never claim before this Commission or any court or any other public body a value for said certificate of public convenience and necessity or claim as a cost thereof, an amount in excess of the amount expended by said Big Basin Water Company in obtaining the same.

IT IS HEREBY FURTHER ORDERED that Big Basin Water Company shall file with the Railroad Commission a report showing the amount of stock issued under the authority herein granted; the names of the individuals to whom the stock was issued; the number of shares issued to each individual, and the purposes for which said stock was issued.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the issue of said stock, Big Basin Water Company shall file with the Railroad Commission a copy of each deed, together with a copy of each and every other instrument of conveyance by which it holds title to said properties.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective fifteen (15) days after the date hereof.

Dated at San Francisco, California, this 29th day December 1942.

Justin D. Greener
By H. Wiley
H. Baker
Frank S. Harlow
Richard [unclear]
Commissioners