

ORIGINAL

Decision No. 41597

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of E. J. GUIDOTTI for a Certificate
of Public Convenience and Necessity
to operate a public utility water
system and to establish rates for
water service in the unincorporated
area known as ARMSTRONG WOODS VALLEY
and LONE MOUNTAIN SUBDIVISION (near
Guerneville), Sonoma County,
California.

Application No. 29363

DeMeo and DeMeo,
by M. K. Taylor, for Applicant.

O P I N I O N

In this application, E. J. Guidotti asks for a certificate of public convenience and necessity to operate a public utility water system in the area commonly known as Armstrong Woods Valley and Lone Mountain Subdivision near Guerneville, Sonoma County, and further asks that a proposed schedule of rates for water service be established.

A public hearing in this matter was held at Guerneville before Examiner Knerr.

At the hearing, counsel asked to amend the application to request the Commission to fix fair and reasonable rates, pointing out that the rates proposed by Applicant in paragraph VII of the application were the rates under which a neighboring utility operates and were presented merely as a suggestion. At the time the application was filed, the adequacy of revenues under such rates had not been determined. Applicant intends to conduct his public utility water business under the fictitious firm name and style of Armstrong Valley

Water Company, and requests that the certificate of public convenience and necessity be so issued.

No other public utility water system is operating within the area for which a certificate is requested herein. The proposed service area covers 720 acres, more or less, in portions of sections 19, 20, 29 and 30, T. 8 N., R. 10W., M.D.B. & M. in Sonoma County and is more particularly described in Exhibit A attached to the application. There was no opposition to the granting of the certificate. The evidence shows that Applicant has been granted a permit by the County Surveyor and Road Commissioner of Sonoma County to install water lines along Armstrong Woods Road and other county roads in the vicinity.

The source of water supply for this system is obtained from two drilled wells. Well No. 1 is seven inches in diameter and 61 feet in depth, and Well No. 2 is 12 inches in diameter and 108 feet deep. Both wells were equipped with electrically-operated pumps and discharge directly into the distribution system, with the surplus being delivered into three storage tanks with a total capacity of 31,500 gallons. There are 16,000 feet of distribution mains varying in size from 1½ to 4 inches in diameter and 33 consumers, all on meters, as of July 13, 1948. Applicant expects the number to increase to approximately 150 within the next two years.

Mr. Clyde F. Norris, one of the Commission engineers, presented a report covering an investigation of the operations of Applicant's water system, showing that the minimum annual revenue from the anticipated 150 consumers under the rates proposed by Applicant would amount to \$2,700. Annual expenses of operating the water system, for the present and immediate future, were estimated to be \$1,750. This amount includes taxes and an allowance of \$291 for depreciation computed by the sinking fund method at 5%. Appraisement of the system on a historical cost basis amounted to \$22,964.

It is apparent that revenue from the few existing water users under the proposed rates will not cover the estimated expenses and provide a return upon the present investment. The system is capable of supplying the growth expected during the next two years, at the close of which time the estimated revenues are expected to exceed operating expenses and yield some return on the capital investment. The present available records are not sufficient to provide a dependable basis for determination of the costs to be incurred in supplying water for the more fully developed subdivision. The Order herein will establish rates which are deemed fair and reasonable during the development stage. Adjustment of said rates may be made in the future when conditions so warrant.

The certificate of public convenience and necessity granted herein is subject to the following provisions of law:

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

O R D E R

Application as entitled above having been filed with the Public Utilities Commission of the State of California, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises, therefore,

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require, and will require, the construction, maintenance and operation of a public utility water system by E. J. GUIDOTTI, doing business as Armstrong

Valley Water Company, in and in the vicinity of, the unincorporated community of Guerneville, Sonoma County, throughout the area more particularly described in Exhibit A attached to the application herein, which exhibit is made a part of this Order by reference.

IT IS HEREBY ORDERED AS FOLLOWS:

1. That a certificate of public convenience and necessity be and it is hereby granted to E. J. Guidotti, doing business as Armstrong Valley Water Company, to construct, maintain and operate a public utility for the distribution and sale of water within the territory hereinabove described;
2. That E. J. Guidotti, doing business as Armstrong Valley Water Company, be and he is hereby authorized and directed to file in quadruplicate, in conformity with this Commission's General Order No. 96, within thirty (30) days from and after the effective date of this Order, the following schedule of rates to be charged for all water service rendered to consumers on and after said effective date, which schedule of rates is hereby found to be just and reasonable for the service to be rendered:

Schedule No. 1

METER RATES

APPLICABILITY

Applicable to all domestic, commercial and industrial water service rendered on a measured basis.

TERRITORY

Armstrong Woods Valley and Lone Mountain Subdivision near Guerneville, Sonoma County.

RATES

| <u>Minimum Charges:</u> | <u>Per Meter Per Year</u> |
|------------------------------------|-------------------------------|
| For 5/8 x 3/4-inch meter | \$18.00 |
| For 3/4-inch meter | 36.00 |
| For 1-inch meter | 72.00 |

The minimum charge will entitle the consumer to the quantity of water each month which 1/12 times the annual minimum charge will purchase at the Quantity Rates.

| <u>Quantity Charge:</u> | <u>Per Meter Per Month</u> |
|--------------------------------------------------------|--------------------------------|
| 0 to 1,600 cubic feet, per 100 cubic feet | \$.37½ |
| Over 1,600 cubic feet, per 100 cubic feet | .25 |

Schedule No. 1 (Cont'd)

METER RATES

SPECIAL CONDITIONS

The annual minimum charges will be applicable for the 12-month period beginning July 1 of each year.

3. That E. J. Guidotti, doing business as Armstrong Valley Water Company, within forty (40) days from the effective date of this Order, shall file with this Commission four sets of rules and regulations governing relations with his customers, 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 present service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.
4. That E. J. Guidotti, doing business as Armstrong Valley Water Company, within forty (40) days from the date of this Order, shall file with this Commission four copies of a comprehensive map, drawn to indicated scale of not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the territory presently to be served. 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 property, comprising the entire utility area of service; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

The effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 27th day of July, 1948.

CERTIFIED AS A TRUE COPY

R. T. [Signature]
Justice F. [Signature]
[Signature]
[Signature]

Commissioners.