

**ORIGINAL**Decision No. 50545

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DONNER LAKE UTILITY CO., )  
 a California corporation, to operate )  
 a water company at Donner Lake, )  
 California; for a certificate of public )  
 convenience and necessity; to establish )  
 rates and to issue shares of common stock )  
 of the corporation. )

Application No. 35585

John M. Welsh, for Donner Lake Utility Co.,  
 applicant.  
Paul Chamberlain, for Truckee Public Utility  
 District, protestant.  
William Cashill, for Donner Lake Development  
 Co., interested party.  
W. B. Stradley, for the Commission staff.

O P I N I O N

Donner Lake Utility Co., a California corporation, seeks a certificate of public convenience and necessity to operate a public utility water system at Donner Lake, Nevada County. Authority is requested to issue and sell capital stock and to use the proceeds for acquisition of properties. Applicant further requests authority to file rates for water service.

A public hearing was held before Examiner Carl Silverhart at Donner Lake on August 5, 1954, on which date the matter was submitted.

U. S. Highway 40 runs through the proposed service area which is located at the easterly end of Donner Lake. Such area contains some 500 lots. Maps designated Exhibit D and Exhibit D-1 set forth the boundaries of the area, dimensions of the lots and the location of the wells, springs, tanks and water mains.

The source of water supply is a 115-foot well equipped with a deep-well turbine 10-hp pump capable of delivering 200 gallons

of water per minute into the distribution system and into a 25,000-gallon redwood tank located some 250 feet above U. S. Highway 40. Several springs capable of producing a total of 50 gallons per minute are situated near the well site. Water from the springs is delivered into two 1,500-gallon steel tanks. The springs will be utilized to furnish a standby supply. The distribution system consists of approximately 8,000 feet of 6-inch, 4-inch and 2-inch, 12 gauge, bell-end double-dipped steel pipe. When completed, the installation of 6-inch, 4-inch and 2-inch pipe now in progress will add some 13,800 feet to the system. Also, it is proposed to install a 10,000-gallon tank and a booster pump with a capacity of 80 gpm.

The record shows that the cost of the system as presently installed is as follows:

Land	\$12,400.00
Water Supply	6,079.24
Pumping Equipment	2,464.82
Transmission and Distribution Capital	35,662.88
General Shop Equipment	1,750.00
Total	<u>\$58,356.94</u>

The cost of the additions is estimated by applicant as follows:

Organization and Legal Costs	\$ 1,500.00
Transmission and Distribution Capital	53,593.06
Engineering Services	950.00
Total	<u>\$56,043.06</u>

The land and the presently installed water system are owned by Donner Lake Development Co., a Nevada corporation. According to the record the Donner Lake Development Co. has been and is committed for the costs of the additions.

The record indicates that a county franchise is not required. Other than that of the Truckee Public Utility District, whose lines are 1 mile distant from the easterly end of the proposed service area, there is no public water supply available to serve such area.

Applicant proposes to charge rates as follows:

Summer Seasonal Charge:

	<u>Per Service</u>
April 1 to Nov. 30	
1. For each house, including lot	\$24.00
2. For each motel or hotel - first unit	24.00
each additional unit	12.00

Winter Seasonal Charge:

Dec. 1 to March 31	
1. For each house, including lot - per month	\$ 3.00
2. For each motel or hotel - first unit per month	3.00
each additional unit per month	1.50

METERED SERVICE

Seasonal Minimum Charge

	<u>Per Service</u>
Summer Season:	
For 8-month period April 1 to Nov. 30, inclusive	\$24.00
Winter Season:	
For 4-month period Dec. 1 to March 31, per month	3.00

Monthly Quantity Rates

First 6,000 gallons included in the seasonal minimum charge.	
Next 4,000 gallons per 1,000 gallons	\$ .25
Next 20,000 " " " "	.20
Next 30,000 " " " "	.15
Over 60,000 " " " "	.10

Donner Lake Development Co. has furnished water at no cost to users in the proposed service area since 1948. It presently is serving 67 individual consumers and 41 units in an auto court.

Applicant, according to the evidence, does not expect to obtain repayment of investment or any profit thereon for a long period of time.

Applicant's articles of incorporation, filed with the Secretary of State September 22, 1953, provide for a capital structure which consists of 500,000 shares of capital stock having a par value of \$1.00 per share and an aggregate par value of \$500,000. Applicant proposes to issue 114,000 shares of capital stock at par to Donner Lake Development Co. in payment of the sum of \$114,000 for the transfer of the complete water system and eight acres of land in connection therewith.

A representative of Donner Lake Development Co. testified that it will immediately make available to applicant the necessary operating funds and will underwrite applicant's expenses should the Commission grant the authority sought herein.

Subsequent to the submission of this proceeding the Truckee Public Utility District advised the Commission, in writing, that it had withdrawn its protest.

We conclude from the evidence of record that applicant should be granted the requested certificate and that it should be authorized to issue the shares of stock for the purposes hereinabove mentioned.

The rates set forth in Appendix A are stated in units of cubic feet but will produce approximately the same revenue as the rates proposed by applicant. The rates as set forth in Appendix A hereto attached are hereby found to be reasonable and will be authorized.

The certificate of public convenience and necessity issued herein is subject to the following provision 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

The above-entitled application having been considered, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the construction and operation of a public utility water system by applicant at Donner Lake, Nevada County, California, in the area delineated on maps designated Exhibit D and Exhibit D-1 in this proceeding; therefore,

IT IS HEREBY ORDERED:

(1) That a certificate of public convenience and necessity be and it is hereby granted to Donner Lake Utility Co., a corporation, to construct and operate a public utility water system for the distribution and sale of water within the territory hereinbefore described.

(2) That applicant shall:

- a. File in quadruplicate the rates set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public, together with rules and regulations and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
- b. File, within forty days after the system is placed in operation, four copies of a comprehensive map, drawn to an indicated scale not

smaller than 200 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various properties of applicant.

- c. Notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.
- c. Base the accruals to depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property. Applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.
- e. File with this Commission, sixty days after the date when the system has been acquired or constructed and is placed in operation under the rates and rules and regulations authorized herein, a copy of each and every journal or other entry used to record the original, installed cost of the major items of property acquired or constructed as parts of the system devoted to rendering service to the public. All important acquisitions or installations made within a period of one year from the effective date hereof shall likewise be reported within sixty days after their completion.

(3) Applicant, after the effective date hereof and on or before January 1, 1955, may issue and sell, at not less than \$1.00 per share, 114,000 shares of its capital stock for the purposes set forth in the foregoing opinion, it being hereby found that the money, property or labor to be procured or paid for by the issuance of such stock is reasonably required by Donner Lake Utility Co., for the purposes herein stated, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

(4) Applicant shall file with the Commission monthly reports as required by the Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

The authorization herein granted will expire if not exercised within one year from the effective date hereof.

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

Dated at San Francisco, California, this 14<sup>th</sup> day of September, 1954.

Walter E. Mitchell  
President

Justus F. Calver

Kenneth Pottel

Verne Higgins

Commissioners

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area adjacent to U. S. Highway 40 located at the northeast end of Donner Lake, Nevada County.

RATES

	<u>Per Meter Summer Season</u>
Minimum Charge:	
Summer Season:	
For the eight-month period, April 1 to November 30, inclusive .....	\$24.00
	<u>Per Meter per Month</u>
Winter Season:	
During the four-month period, December 1 to March 31, inclusive .....	\$ 3.00
Monthly Quantity Rates:	
First 800 cubic feet or less per month, included in Minimum Charge.	
Next 500 cubic feet, per 100 cubic feet .....	\$ .20
Next 2,700 cubic feet, per 100 cubic feet .....	.15
Next 4,000 cubic feet, per 100 cubic feet .....	.11
Over 8,000 cubic feet, per 100 cubic feet .....	.075

SPECIAL CONDITIONS

1. The minimum charge for the summer season is payable in advance on or before April 1.

2. Charges for water used in excess of the monthly allowance under the summer season minimum charge may be billed monthly, bimonthly or seasonally at the option of the utility on a noncumulative monthly consumption basis.



APPENDIX A  
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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The unincorporated area adjacent to U. S. Highway 40 located at the northeast end of Donner Lake, Nevada County.

RATES

	<u>Per Service Connection Summer Season</u>
Summer Season:	
For the eight-month period, April 1 to November 30, inclusive:	
1. For each single family residence including premises .....	\$24.00
2. Hotels, apartments or motels;	
For the first room or unit .....	24.00
Each additional room or unit .....	12.00
	<u>Per Service Connection Per Month Winter Season</u>
Winter Season:	
During the four-month period, December 1 to March 31, inclusive:	
1. For each single family residence including premises .....	\$ 3.00
2. Hotels, apartments or motels;	
For the first room or unit .....	3.00
Each additional room or unit .....	1.50

SPECIAL CONDITIONS

1. The summer seasonal flat rate charge is payable in advance on or before April 1.
2. Meters may be installed at option of utility or consumer for above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.