

Decision No. 53330**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 MEYERS WATER CO., a corporation, for )  
 (1) authority to issue and sell its )  
 shares, (2) a certificate to operate )  
 a water system to furnish water to )  
 the public, (3) an order establishing )  
 and approving rate for service. )  
 (Amended Title) )

Application No. 37228  
 (Amended)

Kneeland H. Lobner for applicant. ✓  
W. B. Stradley for the Commission staff.

O P I N I O NApplicant's Request

Meyers Water Co., a California corporation, organized for the purpose of operating a water system, filed the above numbered application on August 18, 1955, and filed an amendment to application on March 29, 1956, seeking a certificate of public convenience and necessity to operate a public utility water system in an unincorporated area at Meyers, California, approximately eight miles from Lake Tahoe, El Dorado County, now in the process of subdivision and development by Tahoe Paradise Homes, a California corporation. Applicant proposes to serve, initially, an area of approximately 47 acres subdivided into one quarter acre lots, known and designated as Tahoe Paradise, as shown by Exhibit "I" attached to the amended application. Applicant proposes ultimately to extend its service to all parts of an area of approximately 1,600 acres in and near Section 29, Township 12 North, Range 18 East, M.D.B. & M. as unsubdivided portions of said area are subdivided and developed.

Applicant also requests that it be authorized to issue 32,775 of its shares at par value of \$1.00 per share and transfer the same to Tahoe Paradise Homes in payment for the water system and requests that it receive approval of the rate schedule set forth in the application.

#### Public Hearing

After due notice, a public hearing on the application as amended was held on May 16, 1956, before Examiner M. W. Edwards at Placerville, California. At the hearing testimony was presented by three witnesses in support of the application. The Commission staff, represented by an engineer, cross-examined the witnesses for the purpose of developing facts in the record that would be of aid to the Commission in deciding this matter. The matter was submitted for decision at the close of the hearing subject to an exhibit being filed within 10 days, showing a segregation of the capital invested in the water system in accordance with the Commission's uniform system of accounts applicable to water corporations.

#### Description of System

The source of supply for applicant's water system is a well, 100 feet deep, with a pump driven by a 40 hp motor, capable of delivering 500 gpm. Pressure will be maintained at approximately 30 psi by means of a 5,000-gallon pressure tank. The mains will consist of 6-inch and 4-inch asbestos cement pipe of a total length of approximately 7,000 feet. The necessary valves and service connections will be installed and pipes laid in accordance with a plan attached to the application and marked Exhibit "F". Applicant states that the pipes will be installed approximately four feet below the ground surface to eliminate freezing of the water system in the winter time and thus enable year around operation. At present, service to 157 units is contemplated.

Financing of the System

The above described water system is being installed and is to be paid for by Tahoe Paradise Homes, the subdivider. Applicant has entered into an agreement under date of November 10, 1955, whereby it will transfer 32,775 shares of its capital stock to Tahoe Paradise Homes in payment for the water system. A copy of the agreement is attached to the application and marked Exhibit "J".

Applicant states that the actual cost of the proposed complete water system is \$32,775, consisting generally of the following:

Organization expenses	\$ 374.28
Land for well site and pumping station	1,000.00
Mains and distribution system (approximately 7,000 feet), well, pump, tank storage, building and fire connections	31,400.94
Total	32,775.22

Applicant's Exhibit No. 1 shows the following segregation by accounts for this system capital:

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
301	Intangible plant	\$ 503.80
306	Landed capital	1,000.00
311	Structures	455.00
315	Wells	1,985.73
324	Pumping equipment	3,426.81
342	Reservoirs and tank	1,351.22
343	Trans. and distr. mains	18,695.53
345	Services	4,625.10
348	Hydrants	525.10
374	Other general equipment	206.93
		<u>32,775.22</u>

Proposed Rates for Service

Applicant proposes flat rates on a seasonal basis and optional meter rates as follows:

	Summer May 1 - Oct. 31	Winter Nov. 1 - Apr. 30
Schedule No. 1 - Flat rate:		
Single Family	\$30.00	\$24.00
Two Family	60.00	48.00
Schedule No. 2 - Meter rates:		
Minimum charges:		
5/8 x 3/4-inch meter	30.00	24.00
1-inch meter	45.00	36.00
1-1/2-inch meter	155.00	85.00
Commodity charges:		
First 1,000 cu.ft. per month or less	5.00	4.00
Over 1,000 cu.ft. per 100 cu.ft.	.30	.20

Applicant also proposes that the rate for fire hydrants be set at \$2.00 per month and that a charge of \$5.00 be made to restore service after delinquency disconnection or shut off. Applicant proposes to collect the seasonal flat or minimum charges in advance at the start of each seasonal period and will prorate bills where service is initiated to new customers at any time after the start of the seasons.

Revenues and Expenses

Applicant estimates its annual revenue at \$5,622.00 on the assumption that there will be 80 per cent occupancy of 157 lots in the summer months and 50 per cent occupancy during winter months. The annual expenses are estimated at \$4,540 and are summarized below:

Sources of water supply	\$ 195.00
Pumping expenses, labor and repairs	1,865.00
Transmission and distribution	320.00
Repairs to trans. and distr. system	450.00
Collection and promotion of business	150.00
General expenses	200.00
Depreciation (50 yr. composite life)	660.00
Income taxes	450.00
Other taxes	250.00
Total	\$ 4,540.00

The estimated net income is \$1,082.00 which is equivalent to a rate of return of approximately 3 per cent. One of applicant's witnesses testified that a 3 per cent rate of return would be satisfactory during the developmental period, but in time applicant expects to earn 5 per cent on the system.

Miscellaneous Items

One of applicant's witnesses testified that there are no other nearby public utility water systems available to supply water to the area and that the proposed system will not be competing with any existing system. The nearest system is at the Tahoe Y, some four miles distant. He also stated that no franchise is required from El Dorado County to install or operate the system, but that a permit from the county health department as to the potability of the water has been obtained. Lot 26 has been reserved for the water company operations and it is sufficiently large so that no sewer line or cess pool is within 50 feet of the well.

Conclusions and Findings

After considering the application, as amended, and the testimony, it is concluded that the proposed water system is needed and is in the public interest. Applicant's proposed method of financing as contemplated in the amended application appears reasonable and will be authorized. No opposition to the proposed water system or proposed level of rates was manifested at the hearing, although the schedules requested have been adjusted slightly to make them more workable, and an annual rate for both flat and metered service has been added for the year-round residents in the area as is customary in water systems of this nature. The Commission finds the rates attached to this decision in Appendix A are reasonable, and they will be authorized. Applicant's proposal to put into effect a charge of \$5.00 for reconnection after a shut off as the result of a delinquent bill is not consistent with the Commission's General Order No. 103

and, accordingly, this proposed charge will not be authorized. Under the authority granted by Decision No. 53204 which adopted General Order No. 103, the applicant may file a rule providing for a reconnection charge of \$2.50 when the reconnection is made during regular working hours, and a charge of \$5 for reconnection made at the customer's request at other than regular working hours.

The Commission finds that public convenience and necessity require the operation and maintenance of a public utility water system by Meyers Water Co., a California corporation, in an area of approximately 47 acres designated as Tahoe Paradise, El Dorado County as delineated in Exhibit "I" attached to the amended application and that the water system to be paid for by the issuance of 32,775 shares of stock herein authorized is reasonably required by the Meyers Water Co. for the purposes herein stated, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

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, as amended, having been considered, a public hearing having been held, the matter having been submitted and now being ready for decision; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Meyers Water Co. to operate and maintain a public utility water system for the distribution and sale of water in an unincorporated area of approximately 47 acres at Meyers, California, designated as Tahoe Paradise, El Dorado

County, as delineated in Exhibit "I" attached to the amended application.

IT IS HEREBY FURTHER ORDERED as follows:

1. Applicant is authorized to file after the effective date of this order, 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 under the rates and rules authorized herein, together with rules and tariff service area map acceptable to this Commission and in accordance with General Order No. 96. Such rates, rules and tariff service map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

2. Applicant shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, 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 water system properties of applicant herein being certificated.

3. Applicant shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.

4. Applicant shall 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.

5. If the authorization herein granted is exercised, applicant shall procure and dedicate to water utility purposes the lot or area

on which the well is located and easements or permits where pipeline mains are located in lots, other than in the streets, and shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, one copy of each appropriate document showing such procurement, dedication, easement or permit.

6. Applicant, after the effective date hereof and on or before December 31, 1956, may issue at par value of \$1.00 per share, 32,775 shares of its capital stock and transfer the same to Tahoe Paradise Homes in accordance with an agreement dated November 10, 1955, copy of which is attached to the amended application as Exhibit "J", to pay for the water system being certificated herein.

7. Applicant shall file a report, or reports, of the issued said shares of stock as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

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

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

Dated at San Francisco, California, this 10<sup>th</sup> day of July, 1956.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners



APPENDIX A  
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Schedule No. 1

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated subdivision known as Tahoe Paradise situated adjacent to Highway U.S. 50 at Meyers, El Dorado County.

RATES

	<u>Per Meter per Month</u>
<b>Monthly Quantity Rates:</b>	
First 1,000 cu.ft. or less.....	\$4.00
Next 1,000 cu.ft., per 100 cu.ft.....	.25
Next 2,000 cu.ft., per 100 cu.ft.....	.20
Over 4,000 cu.ft., per 100 cu.ft.....	.175
<u>Per Meter per Year</u>	
<b>Annual Minimum Charge:</b>	
For a 12-month period commencing on May 1 or November 1:	
For 5/8 x 3/4-inch meter .....	\$ 48.00
For 3/4-inch meter .....	60.00
For 1-inch meter .....	72.00
For 1-1/2-inch meter .....	108.00
For 2-inch meter .....	168.00

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

SPECIAL CONDITIONS

1. The above minimum charge applies to service during a 12-month period commencing May 1 or November 1 and is payable in advance.
2. When the annual minimum charge is paid in advance, charges for water used in excess of the monthly allowance under the annual minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a noncumulative monthly consumption basis.

Schedule No. 1S

SEASONAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on a seasonal basis.

TERRITORY

The unincorporated subdivision known as Tahoe Paradise situated adjacent to Highway U.S. 50 at Meyers, El Dorado County.

RATES

	<u>Per Meter per Month</u>
Monthly Quantity Rates:	
First 1,000 cu.ft., per 100 cu.ft.....	\$0.50
Next 1,000 cu.ft., per 100 cu.ft.....	.25
Next 2,000 cu.ft., per 100 cu.ft.....	.20
Over 4,000 cu.ft., per 100 cu.ft.....	.175
	<u>Per Meter per Season</u>
Seasonal Minimum Charge:	
1. For the 6-month summer season, May 1 to October 31, inclusive:	
For 5/8 x 3/4-inch meter .....	\$ 30.00
For 3/4-inch meter .....	37.50
For 1-inch meter .....	48.00
For 1-1/2-inch meter .....	68.00
For 2-inch meter .....	103.00
2. For the 6-month winter season, November 1 to April 30, inclusive:	
For 5/8 x 3/4-inch meter .....	\$24.00
For 3/4-inch meter .....	30.00
For 1-inch meter .....	38.00
For 1-1/2-inch meter .....	54.00
For 2-inch meter .....	85.00

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

Schedule No. 1S

SEASONAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS

1. Customers may take service under this schedule for either the summer season, the winter season, or for both seasons.
2. The summer and winter seasonal minimum charges are payable in advance on or before May 1 and November 1, respectively.
3. When the seasonal minimum charge is paid in advance, charges for water used in excess of the monthly allowance under the seasonal minimum charge may be billed monthly, bimonthly, or seasonally at the option of the utility on a noncumulative, monthly consumption basis.

Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service furnished to permanent residents on an annual basis.

TERRITORY

The unincorporated subdivision known as Tahoe Paradise situated adjacent to Highway U.S. 50 at Meyers, El Dorado County.

RATE

Per Service Connection  
per Season

For each single family dwelling; for a 12-month period commencing on May 1 or November 1 .....	\$48.00
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SPECIAL CONDITIONS

1. The above flat rate charge applies to service connections not larger than one inch in diameter.
2. The above flat rate charge is payable in advance of the annual period for which service is requested.
3. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, Annual Metered Service.

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## Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all water service furnished seasonally on a flat rate basis.

TERRITORY

The unincorporated subdivision known as Tahoe Paradise situated adjacent to Highway U.S. 50 at Meyers, El Dorado County.

RATES

	<u>Per Service Connection per Season</u>
Summer Seasonal Charge:	
For each single family dwelling, including premises during the 6-month period May 1 to October 31, inclusive .....	\$30.00
Winter Seasonal Charge:	
For each single family dwelling, including premises during the 6-month period November 1 to April 30, inclusive .....	\$24.00

SPECIAL CONDITIONS

1. The above flat rate charges apply to service connections not larger than one inch in diameter.
2. Customers may take service under this schedule for either the summer season or the winter season, or for both seasons.
3. The summer and winter seasonal flat rate charges are payable in advance on or before May 1 and November 1, respectively.
4. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be furnished only on the basis of Schedule No. 1S, Seasonal Metered Service.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service rendered to duly organized or incorporated fire protection districts or other political subdivisions of the State.

TERRITORY

The unincorporated subdivision known as Tahoe Paradise situated adjacent to Highway U.S. 50 at Meyers, El Dorado County.

RATE

Per Month

For each fire hydrant ..... \$2.00

SPECIAL CONDITIONS

1. Hydrants will be installed and maintained by the utility at its expense.
2. The above rate includes use of water for fire fighting and for no other purpose. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges will be made at monthly quantity rates under Schedule No. 1, Annual General Metered Service.
3. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.