

ORIGINAL

Decision No. 53756

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of NEW HELVETIA WATER CO.,)
P. O. Box 392, Yuba City, County of)
Sutter, California, for a Public)
Utility and Certificates of Public)
Convenience and Necessity and to Issue)
Stock in Relation thereto.)

Application No. 37978

McGilvray, McGilvray and Cameron by
Kenneth G. McGilvray for applicant.
W. B. Stradley for the Commission staff.

O P I N I O N

This application was filed on April 27, 1956. The applicant, a California corporation, seeks a water service certificate in the vicinity of Yuba City. It also seeks authority to issue its stock. A public hearing was held in Yuba City on June 28, 1956, before Examiner John Power. At the conclusion of the hearing the matter was submitted.

The proposed service area is approximately one mile north of Yuba City and is thirty acres, more or less, in extent. Present plans call for 49 subdivided residential lots which will average 10,000 square feet in area. Eventually about thirty additional lots will be added.

The system will be served by a well. A deep well turbine pump has been installed driven by a thirty horsepower electric motor. The pump will discharge into a 5,000 gallon pressure tank which will maintain pressures of 30 to 45 pounds per square inch in the system. The tract has been piped with 3,100 feet of 6-inch and 2,600 feet of 4-inch 12-gauge steel pipe. Service connections will be one inch in diameter.

Applicant requested both flat and meter rates in its application. At the hearing two exhibits were filed in support of the rate proposal. One exhibit contained a statement of system cost. The other provided an estimate of revenue and expenses. The expense estimates appear to be overstated in certain particulars. In view of the exhibit's deficiencies in this respect, the Commission is unable to find that the proposed rates have been justified.

The rate proposal has other objectionable features. Certain charges were included which do not conform to the Commission's General Order No. 103. Charges will be authorized only to the extent permitted by the General Order. Another objectionable feature is the inclusion of flat rates for business establishments of various types. The more common practice of California water utilities is to install meters on business services.

The Commission is of the opinion and finds that public convenience and necessity require that the operating authority requested in the application be granted. The record indicates that the County of Sutter does not require franchises from water companies. The Commission further finds that the rates authorized in the following order are fair and reasonable.

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.

The applicant requested authority to issue 300 shares of its common capital stock to its president who paid for construction of the system. Actual cost of the system as shown by the record is just in excess of \$21,000. The following order will authorize the issuance of 210 shares. Applicant will take notice that the proceeds of any stock

issued and sold by it shall not be expended for purposes properly chargeable to operating expenses or to income.

The amount of stock to be authorized leaves applicant without funds for working cash. A specific proposal to sell additional shares for cash to raise funds for this purpose may be included in a supplemental application.

With the foregoing limitation upon the use of said proceeds, the Commission finds that the money, property or labor to be procured or paid for through the issuance of the common stock herein authorized is reasonably required by applicant for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The following order will require that the stock be placed in escrow. Sale of such shares will require Commission approval.

The action taken herein shall not be construed to be a finding of the value of the property to be acquired with the proceeds of the capital stock herein authorized to be issued.

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,

(1) IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to New Helvetia Water Co., a corporation, to construct and operate a public utility system for the distribution and sale of water within the territory shown on the map annexed to the application and marked Exhibit C thereto.

(2) IT IS FURTHER ORDERED as follows:

- a. 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, together with rules, including provision for bi-monthly billing, and tariff service area map acceptable to this Commission and in accordance with the

requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.

- b. 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.
- c. Applicant shall file within forty days after the system is placed in operation under the rates and rules authorized herein four copies of a comprehensive map, drawn to an indicated scale not smaller than 100 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.
- d. 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.

(3) IT IS FURTHER ORDERED that applicant may issue not to exceed 210 shares of its common capital stock of the par value of \$100 per share (total par value \$21,000) to W. H. Darrough and Ida Mae Darrough, his wife, in consideration of their transferring to the applicant all of their right, title and interest in and to the water system referred to in the foregoing opinion, and the execution of a grant deed by said W. H. Darrough and Ida Mac Darrough which will convey to applicant the complete and unencumbered title to all real property on which wells and pumps are now situated, and the free title to said wells and pumps.

(4) IT IS FURTHER ORDERED that none of the shares of stock authorized by paragraph (3) hereof shall be sold or issued unless and until applicant corporation first shall have selected an escrow holder and said escrow holder first shall have been approved by the Commission; that when issued all documents evidencing any of said

shares of stock shall be deposited with said escrow holder forthwith, to be held as an escrow pending the further written order of the Commission; that the receipt of said escrow holder for said documents shall be filed with the Commission; and that the owners or persons entitled to said shares shall not consummate a sale or transfer of said shares, or any interest therein, or receive any consideration therefor, until the written consent of the Commission shall have been obtained so to do.

(5) IT IS FURTHER ORDERED that applicant shall file with the Commission a report, or reports, as required by General Order No. 24A, which general order, insofar as it is applicable, is made a part of this order.

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

IT IS FURTHER ORDERED that the application of New Holvetia Water Co., a corporation, except as specifically granted herein, be and it is denied without prejudice.

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

Dated at San Francisco, California, this 11th day of SEPTEMBER, 1956.

John E. Mitchell President
Justin J. Casper
Raymond L. Linterman
Walter J. Dooly
B. Hardy Commissioners

APPENDIX A
Page 1 of 3

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

New Helvetia Terrace, a subdivision located in unincorporated area adjacent to Live Oak Highway approximately 1 mile north of Yuba City, Sutter County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 700 cu.ft. or less	\$ 3.50
Next 1,000 cu.ft., per 100 cu.ft.25
Next 1,300 cu.ft., per 100 cu.ft.20
Next 3,000 cu.ft., per 100 cu.ft.18
Over 6,000 cu.ft., per 100 cu.ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.50
For 3/4-inch meter	4.50
For 1-inch meter	6.25
For 1 1/2-inch meter	10.00
For 2-inch meter	13.00

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

APPENDIX A
Page 2 of 3

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

New Helvetia Terrace, a subdivision located in unincorporated area adjacent to Live Oak Highway approximately 1 mile north of Yuba City, Sutter County.

RATES

	<u>Per Service Connection Per Month</u>
1. For a single-family residence including premises not exceeding 10,000 sq.ft. in area	\$4.00
a. For each additional residential unit on the same premises served from the same service connection	1.00
b. For each additional 100 sq.ft. of area of premises in excess of 10,000 sq.ft.02

SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished only on a metered basis.

2. Meters may be installed at option of utility or customer for above classification, in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service, and must be continued for not less than 12 months before it may again be changed to flat rate service.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service furnished to municipalities, duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

New Helvetia Terrace, a subdivision located in unincorporated area adjacent to Live Oak Highway approximately 1 mile north of Yuba City, Sutter County.

RATE

Per Month

For each wharf type hydrant \$2.00

SPECIAL CONDITIONS

1. 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.
2. The cost of installation and maintenance of hydrants will be borne by the utility.