

Decision No. 53936**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
LITTLE DANN VALLEY UTILITY COMPANY, )	
a California corporation, for a )	
certificate of public convenience )	
and necessity authorizing applicant )	Application No. 38000
to furnish public utility water )	
service in certain portions of )	
Mendocino County, California, and )	
to issue and sell its capital stock. )	

Tom B. Markley for applicant.  
W. Ben Stradley for the Commission staff.

O P I N I O N

Applicant is a California corporation. A copy of its articles of incorporation were filed as an exhibit with this application on May 7, 1956. A public hearing was held before Examiner John Power at Ukiah on July 3, 1956. At the conclusion of the hearing the matter was submitted subject to the late filing of certain exhibits. The latter were received on July 25, 1956 and the matter is ready for decision.

The application seeks three things: first, a certificate of public convenience and necessity to operate as a public utility water corporation; second, authority to issue its stock; third, approval of a certain contract called a water service agreement. The application was extensively amended at the hearing particularly with reference to the stock and contract proposals.

Applicant seeks to serve a 65-acre tract in the far northern part of Mendocino County. It proposes to obtain water from springs and also from surface water flowing in Little Dann and Big Dann Creeks. The system in its present stage has plans

and cost estimates available only for development of the spring water. Accordingly the certificate will be granted only for what is known as Unit No. One,<sup>1/</sup> which grant we find to be required by public convenience and necessity.

Applicant is developing six springs, which are expected to produce 40 gallons per minute, on a 40-acre tract in the east half quarter of the same section. This 40-acre tract is across the Redwood Highway (U.S. No. 101) and at a much higher elevation than the subdivision. The 40 acres will be sold to applicant. The springs will discharge into a 20,000-gallon storage tank. Thence the water will be transmitted and distributed through 3,300 feet of 4-inch diameter asbestos cement pipe. Twenty-two 1-inch services and two fire hydrants are proposed to be installed. The proposed minimum lot size is 12,000 square feet.

Applicant has a water right in the two Dann Creeks. If a second 22-lot unit were added to the first this right would have to be put to use. It is for this reason that the certificate herein granted will be limited. The spring water might prove insufficient for two units and certainly would be insufficient for more than that.

Applicant plans to use flat rates but included meter rates as well in its rate proposal. The basic rate proposed is a flat rate of \$8.00 per month for a lot of 8,500 square feet or less. No rate is proposed for larger areas, but a monthly \$4.00 is sought for each additional dwelling unit over one served through

<sup>1/</sup> Being that portion of the NE $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Sec. 13, T23N, R.17W. MDB&M designated and delineated as Lots 1-23 inclusive on Exhibit "D" to the application herein.

a single service connection. The record does not sustain such a high rate proposal, and it will therefore not be approved. The Commission finds that the rates shown on Appendix A to the following order are fair and reasonable.

The certificate of public convenience and necessity granted in and by the following order 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 for any amount of money in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as consideration for the issuance of such certificate of public convenience and necessity or right.

Late-filed Exhibit No. 5-A gives the present financial needs of applicant. They are given as \$13,000 which sum includes \$10,330 for the water system, \$1,263.70 for organization expenses, \$406.30 for working capital and \$1,000 for the purchase of the 40-acre lot on which the springs are located. The following order will authorize the issue of 130 shares of the par value of \$100 each.

The Commission hereby finds that the money, property and labor to be procured or paid for through the issuance of the common stock herein authorized are 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 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.

The contract for which approval is sought was extensively amended by an exhibit introduced at the hearing. This agreement is in part now executed and in part will conflict with the following order. In its present form the agreement will not be approved. The parties may, if they so desire, request approval of a new agreement revised in the light of the following order.

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 Little Dann Valley Utility Company to construct and operate a public utility system for the distribution and sale of water within the territory described in footnote No. 1 to the foregoing opinion, subject to the conditions that the granting of such certificate of public convenience and necessity shall not become effective until applicant shall have acquired title to the 40-acre tract on which the springs are located and applicant shall have submitted to the Commission a copy of the instrument by which title is conveyed.

2. IT IS HEREBY FURTHER ORDERED that applicant shall not extend its system outside the area to which service is authorized in paragraph No. 1 of this order without first having obtained the permission of this Commission so to do.

3. 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 bimonthly 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.

4. IT IS FURTHER ORDERED that applicant may issue not to exceed 130 shares of its common capital stock of the par value of \$100 per share (total par value \$13,000) to Cyril Flugger, Roberta Flugger, C. S. Phillips and Edwin M. Lilley, in such proportions as said directors may establish by mutual agreement among themselves, for the purpose of raising funds to construct the public utility water system referred to in the foregoing opinion or some portion thereof.

5. IT IS FURTHER ORDERED that none of the shares of stock authorized by paragraph 4 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.

6. 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, in so far 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 Little Dann Valley Utility Company, except as specifically granted herein, be and it is denied without prejudice.

Dated at San Francisco, California, this 16<sup>th</sup> day of October, 1956.

[Signature]  
 President

Justus F. Crannel  
Rauls [unclear]  
[Signature]  
P. Hardy  
 Commissioners

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Little Dann Valley Subdivision, located about four miles north of the unincorporated community of Cummings, Mendocino County.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less .....	\$ 3.75
Next 2,000 cu.ft., per 100 cu.ft.....	.30
Next 2,000 cu.ft., per 100 cu.ft.....	.25
Over 5,000 cu.ft., per 100 cu.ft.....	.20
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 3.75
For 3/4-inch meter .....	5.00
For 1-inch meter .....	8.00
For 1-1/2-inch meter .....	14.00
For 2-inch meter .....	22.00

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

APPENDIX A  
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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

Little Dann Valley Subdivision, located about four miles north of the unincorporated community of Cummings, Mendocino County.

RATES

	<u>Per Service Connection per Month</u>
1. For a single-family residence including premises not exceeding 16,000 square feet .....	\$4.00
a. For each additional residential unit including trailer or tent when used as a residence, served from the same service connection .....	1.50
b. For each 100 square feet of area in excess of 16,000 square feet .....	.02

SPECIAL CONDITIONS

- All service not covered by the above classification will be furnished only on a metered basis.
- A meter may be installed at option of utility or customer for above classification in which event service will thereafter be furnished only on the basis of Schedule No. 1, General Metered Service.
- The above residential flat rate charges apply to service connections not larger than one inch in diameter.