

Decision No. 60328

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
MEYERS WATER CO., a corporation, )  
for authority to extend its water )  
systems, etc. )

Application No. 41414  
First Amendment

In the Matter of the Application of )  
ANGORA WATER CO., a corporation, )  
for a certificate of public conven- )  
ience and necessity to operate a )  
water system, etc. )

Application No. 41868  
First Amendment

In the Matter of the Joint Applica- )  
tion of MEYERS WATER CO., a corpo- )  
ration, and ANGORA WATER CO., a )  
corporation, for an order: )

(a) establishing the boundary )  
line separating their )  
respective service areas; )

(b) authorizing ANGORA WATER )  
CO. to transfer to MEYERS )  
WATER CO. a certificate )  
of public convenience and )  
necessity to operate a )  
water system and author- )  
izing MEYERS WATER CO. to )  
acquire certain water )  
systems; )

Application No. 42036

(c) approving an agreement )  
between said companies )  
covering certain related )  
transactions. )

McCutchen, Doyle, Brown & Enersen by William W. Schwarzer and Kneeland E. Lobner, for Meyers Water Co., applicant in Nos. 41414 and 42036.  
Scott Elder and Melvin E. Beverly, for Angora Water Co., applicant in Nos. 41868 and 42036.  
Joseph P. Van Den Berg, for Gino Moroni, Leroy Lamson and J. A. Salmon, dba Echo View Estates, protestants in Nos. 41868 and 42036.  
W. B. Stradley and Sidney J. Webb, for the Commission staff.

O P I N I O N

Application No. 41414 was filed August 20, 1959, Application No. 41868 on January 20, 1960, and No. 42036 on March 15, 1960.

Application No. 42036, among other things, amended the two older applications. A public hearing was held before Examiner John Power at Placerville on March 11, 1960. This date is prior to the filing of Application No. 42036. That application, however, was available in the hearing room and was introduced in evidence as an exhibit so witnesses could refer to it. It is therefore unnecessary to hold a public hearing specifically on No. 42036. Late-filed exhibits have been received and the matter is ready for decision.

The area affected by these applications is in El Dorado County adjacent to Lake Tahoe. U. S. Highway No. 50, after crossing Echo Summit, approaches the lake from the south and traverses the area. Shortly after passing the summit it passes the community of Meyers where water is now served by applicant Meyers Water Co. under a Commission certificate. Further north, lower in elevation and closer to the airport, it traverses an area where applicant Angora Water Co. holds a certificate to serve certain subdivisions which it received in November, 1959.

Meyers and Angora mutually protested each other's applications. Shortly before the hearing, however, they reached a compromise and caused a written agreement to be drawn up. Application No. 42036 was then filed to embody the compromise and the draft agreement was annexed to it as an exhibit. Meyers and Angora each desires an expansion of its operative rights in the areas reserved to it by the compromise. Each wishes to issue stock and then jointly seek authority to carry out their compromise agreement. In order to accomplish this, the order which follows will rescind the restriction as to extension of service contained in ordering paragraph 7 of Decision No. 59271, dated November 17, 1959, in Application No. 41249.

Meyers has developed water from wells and springs. It has an application on file, to divert surface water, with the California-Nevada Interstate Compact Commission. It has had to install pressure reduction valves. It transports and distributes water through both steel and asbestos cement pipe of 6-, 8-, 10- and 12-inch outside diameter. The steel is usually in acquired systems, Meyers itself preferring the asbestos cement pipe.

Angora was installing certain systems previously authorized to it when interrupted by cold weather. It developed its supply from wells. It favors double-dipped and wrapped-steel pipe of 6-inch, 12-gauge and 8-inch, 10-gauge.

Both systems are managed by experienced waterworks men. Two engineers with offices in Placerville are Vice Presidents of Meyers, and are responsible for active management. Meyers maintains a full-time employee at Meyers. The Martin Brothers have been connected with water companies in various capacities from day laborers to operators and managers for several years. Their experience is predominantly, if not entirely, in the Tahoe region. They live in the area and get their mail at Al Tahoe. The Martin Brothers will own all the stock in Angora and serve as its officers and managers.

Both groups appear to be well financed. Meyers' stock is all owned by Tahoe Paradise Homes, a corporation owned by a number of persons who live in Oroville, Sacramento and Placerville. Some extensions are under Meyers' filed extension rule and others are built by Tahoe Paradise Homes and traded to Meyers for stock. Martin Brothers plan to construct all of the Angora systems and convey them to Angora for stock.

Each applicant has applied for a certificate covering all the property capable of development within the area reserved to it

by the compromise agreement. Much of this property will not need water service for some years. Some may never need it. Some belongs to the United States Forest Service. Other property is in the hands of owners who have not yet made plans for subdividing. The Commission will issue certificates covering only those subdivisions where the record shows (a) a water system exists, (b) a system is under construction or (c) where a firm commitment to construct one has been made. Applicants will retain their rights to extend to contiguous territory.

Stock issue proposals were made by both applicants. Meyers seeks authority to issue 235,760 shares of its one dollar par value stock. This amount covers the investment of Tahoe Paradise Homes in 1959 and two systems acquired by that company. All of this property will be conveyed to Meyers in return for the stock. This proposal will be authorized.

Angora proposed to issue 898,784 shares of its one dollar par value common capital stock. Most of this covers construction not yet commenced at the time of the hearing. Angora proposes to issue this stock as systems are completed, paying Martin Brothers the actual cost of such systems. It is not clear, however, that the company will undertake all the construction work referred to in Exhibits 6 and 6A and hence we cannot make a final order at this time with respect to the stock issue. The request of Angora will not be granted in this order. Angora may, however, submit a late-filed exhibit showing the cost of construction undertaken up to date. The Commission will then authorize the issue of an appropriate amount of stock by an ex parte supplemental order.

The Commission is of the opinion that the money, property or labor to be procured or paid for by the issue of stock authorized by the following order is reasonably required for the purposes

specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

In issuing our order herein, we place applicant Meyers Water Co., a corporation, and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant Meyers Water Co. should be allowed to earn on its investment in plant and that the approval herein given is not to be construed as a finding of value of applicant Meyers' stock or properties nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

The Commission finds and concludes that public convenience and necessity require that certificates of public convenience and necessity to operate public utility water systems be granted in the areas set forth in Appendix A and Appendix B attached hereto. The Commission further finds that the transfer of the certificate hereinafter authorized will not be adverse to the public interest.

Each of the certificates granted by the following order shall be 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 matters having been considered, a public hearing having been held, the matters having been submitted, and now being ready for decision,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Meyers Water Co., a

corporation, to construct and operate a public utility water system for the distribution and sale of water within the areas designated on Appendix A, hereto attached and hereof made a part.

IT IS HEREBY FURTHER ORDERED that a certificate of public convenience and necessity be and it is granted Angora Water Co., a corporation, to construct and operate a public utility water system for the distribution and sale of water within the areas designated on Appendix B, hereto attached and hereof made a part.

IT IS FURTHER ORDERED as follows:

1. The restriction contained in ordering paragraph 7 of Decision No. 59271, dated November 17, 1959, in Application No. 41249 of Angora Water Co. is hereby rescinded and canceled.

2. Angora Water Co. shall not extend water service south of, and Meyers Water Co. shall not extend service north of, the agreed boundary line as set forth in Exhibits A, B and C attached to Application No. 42036, nor shall Angora Water Co. extend service into the subdivisions known as Echo View Estates, Parcels 1 and 2, as described in Exhibit No. 2 in evidence in Application No. 41268, without further order of this Commission.

3. Each applicant herein is authorized to apply, after the effective date of this order, its presently effective tariff schedules to the respective areas certificated to it.

4. Each applicant herein is authorized and directed to revise within thirty days after the effective date of this order and in conformity with General Order No. 96, such of its tariff schedules, including tariff service area maps acceptable to this Commission as are necessary to provide for the application of its respective tariff schedules to the area certificated to it herein. Such revised tariff sheets shall become effective upon five days' notice to the public and this Commission after filing as hereinabove provided.

5. Each applicant shall file within sixty days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale not smaller than 200 feet to the inch, delineating by appropriate markings the tract of land and territory served; its principal water production, storage and distribution facilities; and the location of its various water system properties.

6. Each applicant shall determine the accruals for depreciation by dividing the original cost of its utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of its plant. Applicants, and each of them, shall review the accruals as of January first of the year following the date service is first rendered to the public under the rates and rules authorized herein and thereafter when major changes in utility plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

7. In the event that either of these applicants extends its service into contiguous territory, the applicant so extending shall file with this Commission prior to the commencement of construction of such extension, in conformity with General Order No. 96, such revised tariff service area maps and preliminary statement tariff sheets as are necessary to clearly indicate the total area within which the utility is holding itself out to furnish public utility water service.

8. Applicants are, and each of them is, authorized to execute a contract substantially in the form attached to Application No. 42036 as Exhibit C thereto, and to carry out the terms and conditions thereof.

9. On or before August 31, 1960, Angora Water Co. may transfer, and Meyers Water Co. may acquire, without consideration, the certificate of public convenience and necessity to construct and operate a

public utility water system in a tract designated as "Christmas Valley, Unit No. 2" in El Dorado County, California.

10. Within thirty days after the consummation of the transfer herein authorized, Meyers Water Co. shall file with this Commission two certified copies of the contract as executed, together with a statement of the date on which it became effective.

11. On or before the date of actual transfer, Angora Water Co. shall refund all customers' deposits and all advances for construction, if any, applicable to Christmas Valley, Unit No. 2, which are subject to refund. Any unrefunded deposits and advances shall be transferred to and become the obligation for refund of Meyers Water Co.

12. On or before the date of the actual transfer herein authorized, Angora Water Co. shall transfer and deliver to Meyers Water Co. and the latter shall receive and preserve, all records memoranda and papers pertaining to the construction and operation of the public utility water system in Christmas Valley, Unit No. 2.

13. If the authority herein granted to transfer the certificate is exercised, Angora Water Co. shall, within thirty days thereafter, notify this Commission in writing of the date of completion of such transfer and of its compliance with the conditions pertaining thereto.

14. Upon due compliance with all the conditions of this order pertaining to the transfer herein authorized, Angora Water Co. shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system in Christmas Valley, Unit No. 2.

15. Meyers Water Co. may issue not to exceed 235,760 shares of its one dollar par value common capital stock (total par value \$235,760) to Tahoe Paradise Homes, a corporation, for the purposes set forth in Application No. 41414 herein, as amended.



16. Meyers Water Co. shall file monthly reports, as required by General Order No. 24-A, which order, so far as it is applicable, is hereby made a part hereof.

17. In all other respects Applications Nos. 41414, 41868 and 42036 are, and each hereby is denied.

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

Dated at San Francisco, California, this 28th day of June, 1960.

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President

*[Signature]*

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*[Signature]*

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*[Signature]*

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Theodore J. Guinner  
Commissioners

Everett C. McKeage  
Commissioner ..... , being necessarily absent, did not participate in the disposition of this proceeding.

The certificate of public convenience and necessity of Meyers Water Co., a corporation, granted by the decision noted in the margin, enlarges the service area of Meyers Water Co. to include the following tracts:

1. Tahoe Paradise Homes, Units 2, 5 through 15, 17 and 18; Lake Valley Addition No. 1; and Juniper Park; all as shown on Exhibit 2 attached to Application No. 41414.
2. Tahoe Paradise Homes, Units 3 and 4, as shown on Exhibit 3 attached to Application No. 41414.
3. Sierra Park Subdivision as shown on Exhibit 4 attached to Application No. 41414.
4. River Park Estates and Christmas Valley Unit No. 1, as shown on Exhibit No. 3 presented in evidence in Application No. 41414.
5. Tahoe Paradise Homes, Units 19, 20 and 21.

Issued by California Public Utilities Commission.

Decision No. 6032S, Applications Nos. 41414, 41863, 42036.

The certificate of public convenience and necessity of Angora Water Co., a corporation, granted by the decision noted in the margin, enlarges the certificated area of said company to include the following tracts, all as shown on Exhibit 1 attached to Application No. 41868:

1. Mountain View Estates, Units 1 through 3.
2. Country Club Heights, Units 3 and 4
3. Country Club Estates
4. Rolling Wood Heights.

Issued by California Public Utilities Commission.

Decision No. 60328, Applications Nos. 41414, 41868, 42036.