

ORIGINALDecision No. 60421

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 Berryessa Water Company, a corporation,
 for (1) a Certificate of Public
 Convenience and necessity to construct
 and operate a public utility water
 system, within an unincorporated area
 located at Lake Berryessa, Napa County,
 (2) to establish rates for the service
 rendered, and (3) for authority to
 issue stock.

Application No. 42203

O P I N I O N

By the above-entitled application filed April 28, 1960, Berryessa Water Company, a California corporation, requests a certificate of public convenience and necessity to construct and operate a public utility water system in an unincorporated area near Lake Berryessa, Napa County, and to exercise the rights and privileges granted by a county franchise. Applicant also requests authority to issue stock, to issue a note, and to establish rates for water service. A map of the area for which a certificate is requested is attached to the application as Exhibit "C". A field investigation in connection with this application was made on May 25, 1960, by a staff engineer of the Commission.

No protests regarding this application have been received by the Commission.

Service Area

The area for which a certificate is requested includes approximately 648 acres located adjacent to the west shore of Lake Berryessa about 26 miles northeast of the City of Napa. The land company is presently developing Berryessa Park No. 1, a subdivision

containing 99 lots varying in area from 7,000 to 29,000 square feet, comprising an area of about $32\frac{1}{2}$ acres lying within the area for which a certificate is requested. According to applicant, certain recreational facilities being constructed at the lake indicate this area will rapidly develop into a resort community, and the land company anticipates further subdivision within the area for which a certificate is requested. The water system in Berryessa Park No. 1 has been installed and is in operative condition at the present time.

Description of Water System

The water system as constructed consists of 2,116 feet of 8-inch, and 7,630 feet of 6- and 4-inch diameter, Class 150 asbestos cement pipe, laid in easements adjacent to paved portions of the streets. The distribution system as constructed is completely circulating. Water service is to be furnished to each lot through a 1-inch diameter copper service connection. There are nine standard type fire hydrants located within the tract.

The water for this system is to be obtained from two wells each 8 inches in diameter and drilled to a depth of approximately 70 feet. Production tests on these wells show that each will produce at least 50 gallons per minute. Other wells can be developed as additional water is required. There are also presently connected into the water system, through a system of 2-inch diameter galvanized pipes, five springs from which there is minimum flow of approximately 5 gallons per minute during the late summer months, and as much as 50 gallons per minute during other periods of the year. These sources all discharge into a 100,000-gallon concrete tank which is located at a considerable elevation above the highest point in Berryessa Park No. 1. The water is treated at the tank site by aeration and chlorination. Water pressure is reduced by a pressure reducing valve at the tract to 40 pounds per square inch.

Applicant's estimate of the cost of the facilities necessary to serve the tract now under development is as follows:

<u>Ac. No.</u>	<u>Description</u>	<u>Amount</u>
301	Intangible Plant	\$ 1,200.00
306	Landed Capital	6,300.00
312	Source of Supply	2,239.95
315	Wells	2,932.62
324	Pumping Equipment	285.98
331	Water Treatment Equipment	895.21
342	Reservoirs and Tanks	13,392.50
343	Transmission and Distribution Mains	46,372.14
345	Services	2,771.37
348	Hydrants	4,038.81
	Total	\$80,428.58

It is anticipated that additional costs for pumping equipment will be incurred in the future; however, no estimate is available at the present time as to these additional costs.

Rates

Applicant proposes to furnish water service primarily on a flat rate basis, but has also asked that meter rates be established. The rates as requested in the application, amended by written request of applicant's representative to revise the requested rate for a 3/4-inch meter, are as follows:

METERED SERVICE

Quantity Rates:

First 2,000 cu. ft. or lessMinimum Annual Charge
Over 2,000 cu. ft., per	
100 cu.ft.	\$ 0.25

Annual Minimum Charge:

	<u>Per Meter Per Year</u>
For 5/8 x 3/4-inch meter	\$ 90.00
For 3/4-inch meter	105.00
For 1-inch meter	140.00
For 1-1/2-inch meter	235.00
For 2-inch meter	390.00

FLAT RATE SERVICE

At the option of the utility the consumer may be given a flat rate service for the annual minimum charge corresponding to the size of service to the customer.

When compared with the rates authorized by the Commission for other recently certificated water utilities of like nature, the minimum meter charges requested and also the quantity blocks appear to be unusually high. The order which follows will authorize a revised schedule of rates which are generally comparable with those in effect for other water utilities of this character operating under similar conditions.

Although fire hydrants are being installed, no fire protection organization has been formed in the area which includes the subdivision. Rates for fire hydrant service have not been requested by applicant. However, in order that they may be applicable at such time as a fire district may be organized, a schedule of fire hydrant rates will be authorized.

Financing of System

To finance the cost of the water system, applicant requests permission to issue 240 shares of its common stock at \$100 per share par value for \$24,000, and an annually renewable note with an annual interest rate not to exceed 6.5 percent in the principal amount of \$27,847.44^{1/} for a total of \$51,847.44. Additionally, distribution mains, service connections and fire hydrants having the total cost of \$30,543.44 are to be contributed to applicant by the land company.

County Franchise

Applicant has been granted a fifty-year franchise by the County of Napa (Ordinance No. 209, adopted April 12, 1960) to construct and operate a water system. This franchise, granted in accordance with the Broughton Act of 1905, provides for the annual payment to Napa County of two percent of the gross receipts from the water service to be furnished. A copy of the franchise is attached to the application as Exhibit "G".

^{1/} Revised from \$25,885.14 by letter received June 27, 1960 from applicant's president to correct error in addition on Exhibit "B" attached to the application.

Findings and Conclusions

The Commission has given consideration to this matter and is of the opinion that a public hearing is not necessary. Applicant's distribution facilities as constructed and as proposed appear to be adequate for development of this tract and to meet the requirements of this Commission's General Order No. 103. Applicant, however, has not made sufficient showing to indicate that public convenience and necessity require the construction of a public utility water system in areas outside of Berryessa Park No. 1 at this time; therefore, the certificate granted herein will include only Berryessa Park No. 1. Applicant, however, will not be restricted from extending service therefrom into contiguous areas in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code.

It appears that applicant has the requisite financial ability to carry out the proposed construction and operation of the water system during the developmental period of the area when little or no return will be realized from the proposed utility operation. The Commission finds and concludes that public convenience and necessity require that a certificate be granted for (1) the construction and operation of the water system in Berryessa Park No. 1, and (2) the exercise of the rights and privileges granted under Ordinance No. 209 of the County of Napa in Berryessa Park No. 1. The Commission further finds and concludes that the rates set forth in the appendix attached to this order are fair and reasonable for the service to be furnished.

The Commission is of the opinion and finds that the money, property or labor to be procured or paid for by the issuance of the securities herein authorized is reasonably required for the purposes specified herein and such purposes are not in whole or in part reasonably chargeable to the operating expenses or to income. The authorization herein granted shall not be construed to be a finding of the

value of applicant's stock or properties nor indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

The order herein will authorize applicant to issue the proposed note, and 240 shares of its common stock at its par value of \$100 per share the proceeds to be used for financing the acquisition of the water system hereinbefore described.

The certificates hereinafter granted are subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the franchise involved herein or the certificates of public convenience and necessity or the right to own, operate, or enjoy such franchise or certificates of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or a political subdivision thereof as the consideration for the grant of such franchise, certificates of public convenience and necessity or rights.

O R D E R

IT IS HEREBY ORDERED that Berryessa Water Company, a corporation, is hereby granted a certificate of public convenience and necessity to construct and operate a public utility water system for the distribution and sale of water in Berryessa Park No. 1 consisting of 99 lots as shown by the subdivided portion of Exhibit "B" attached to the application herein.

IT IS FURTHER ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Berryessa Water Company to exercise the rights and privileges granted by the County of Napa by Ordinance No. 209 adopted April 12, 1960 within Berryessa Park No. 1 or areas thereafter to be served through extensions of its existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code.

IT IS FURTHER ORDERED that:

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 furnished to the public under the authority herein granted, together with rules and a tariff service area map acceptable to this Commission, in accordance with the requirements of General Order No. 56. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as herein provided.
2. Applicant shall notify this Commission in writing of the date service is first furnished to the public under the rates and rules authorized herein, within ten days thereafter.
3. Applicant shall file within thirty 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 400 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various system properties of applicant.
4. Applicant shall determine accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant. Applicant shall review the accruals as of January 1 following the date service is first furnished to the public under the rates and rules authorized herein and thereafter when major changes in utility plant composition occur 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 dedicate to public utility purposes the lot or area on which the wells, pumping facilities, and other related water supply facilities are located and any easements or permits where water mains will be located, other than in public streets, including the right of way for the transmission line from the wells to the subdivision, and shall file, not later than 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 dedication, easement or permit.

6. Berryessa Water Company, for the purposes herein set forth, may issue not to exceed \$24,000 aggregate par value of its capital stock at par and its note, in the principal amount of not to exceed \$27,847.44, which note shall be in, or substantially in, the form as proposed in its application.

7. Berryessa Water Company shall file with this Commission a report or reports as required by General Order No. 24-A, which order in so far as applicable is hereby made a part of this order.

8. In all other respects this application be and it is hereby denied.

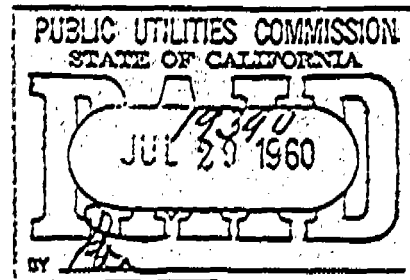
The authorization herein granted will expire if not exercised within one year of the effective date of this order.

The authority herein granted to issue the note shall become effective when Berryessa Water Company has paid fee prescribed by Section 1904(b) of the Public Utilities Code which fee is \$28. In

all other respects the effective date of this decision shall be twenty days after the date hereof.

Dated at San Francisco, California, this 26th day of July, 1960.

[Signature] President
[Signature]
[Signature]
[Signature] Commissioners
Theodore J. Jenner



APPENDIX A
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Schedule No.1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area known as Berryessa Park No. 1, and vicinity, located adjacent to the west shore of Lake Berryessa, approximately 26 miles northeast of the City of Napa, Napa County.

RATES

Per Meter
Per Month

Monthly Quantity Rates:

First 1,000 cu.ft. or less	\$5.00
Over 1,000 cu.ft., per 100 cu.ft.25

Annual Minimum Charge:

Per Meter
Per Year

For 5/8 x 3/4-inch meter	\$ 60.00
For 3/4-inch meter	75.00
For 1-inch meter	108.00
For 1 1/2-inch meter	192.00
For 2-inch meter	288.00

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.

(Continued)

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Schedule No. 1

ANNUAL GENERAL METERED SERVICE
(continued)

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance.
2. The charge for water used in excess of the quantity allowed each month for the annual minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative monthly consumption basis.

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Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Berryessa Park No. 1, and vicinity, located adjacent to the west shore of Lake Berryessa, approximately 26 miles northeast of the City of Napa, Napa County.

RATE

Per Service Connection
Per Year

For a single family residence, including premises	\$60.00
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SPECIAL CONDITIONS

1. The above residential flat rate charge applies to service connections not larger than one inch in diameter.
2. All annual residential service not covered by the above classification will be furnished only on a metered basis.
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 General Metered Service.
4. The annual flat rate charge is payable in advance on or before January 1 of each year.

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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Berryessa Park No. 1, and vicinity, located adjacent to the west shore of Lake Berryessa, approximately 26 miles northeast of the City of Napa, Napa County.

RATE

Per Month

For each hydrant \$3.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, Annual General Metered Service.
2. The cost of installation and maintenance of hydrants will be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.