

Decision No. 61608**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 ECHO VIEW ESTATES WATER CO., INC.,  
 a California corporation, for a  
 Certificate of Public Convenience  
 and Necessity to operate a water  
 utility, to establish rates, and  
 for an order authorizing the  
 issuance of its shares for cash.

Application No. 42287  
 (Amended)

Joseph P. Van Den Berg, for Echo View Estates Water  
 Co., Inc., applicant.  
Gerald E. Martin and Donald L. Martin, for Angora  
 Water Company; and George C. Baron, for Meyers  
 Water Company and the County of El Dorado,  
 interested parties.  
L. L. Thormod and Ben Stradley, for the Commission  
 staff.

O P I N I O NApplicant's Request

By the above-entitled application filed on May 24, 1960 and as amended on September 29, 1960, and as further amended at the hearing on January 19, 1961, Echo View Estates Water Co., Inc., a California corporation, seeks authority (1) to operate a public utility water system in Parcel 1 and Parcel 2 of Echo View Estates, El Dorado County, as shown on Exhibit C of the application, (2) to issue and sell 5,500 shares of its capital stock having a par value of \$10 per share for cash in the amount of \$55,000 for the purpose of acquiring certain existing water facilities and to provide operating capital, and (3) to establish rates which are comparable with those of adjacent water utilities.

Public Hearing

After due notice, public hearing was held before Examiner William W. Dunlop on January 19, 1961 at Tahoe Valley. Applicant

presented testimony through one witness in support of its request. Interested parties and the Commission staff cross-examined applicant's witness for the purpose of developing a complete record.

A representative for Meyers Water Company and for the County of El Dorado was concerned about adequate fire protection and suggested the connection of applicant's mains through appropriate valves to mains of adjacent water utilities for emergency protection. Such emergency connections were agreeable with applicant.

Representatives of Angora Water Company were not opposed to applicant serving Echo View Estates Parcels 1 and 2, but were opposed to any service by applicant which would extend outside of said Parcels 1 and 2.

The matter was taken under submission at the conclusion of the hearing on January 19, 1961 and now is ready for decision.

#### Proposed Service Area

The area for which a certificate of public convenience and necessity is sought contains approximately 77½ acres and consists of Parcels 1 and 2 of a subdivision known as Echo View Estates near Meyers in El Dorado County. The owners of these two parcels of land, according to the testimony, being unsuccessful in obtaining water from existing utilities in the vicinity, desire to develop their own water system to serve their subdivision. Parcel 2, consisting of 59 acres, is currently under development. Roads have been constructed in the entire parcel and two houses are currently under construction in Unit 1 of Parcel 2 containing 31 lots. It is the intent of the owners to develop Parcel 2 in units of about 31 lots each until the entire parcel has been developed and then to develop Parcel 1. When the two parcels have been fully developed, applicant expects that approximately 200 water customers will be served.

### Water Supply and System

Applicant proposes to obtain its water supply from wells. Unit 1 in Parcel 2 is to be supplied water from an existing well 214 feet deep and equipped with a 4-inch submersible type pump driven by a 15-horsepower electric motor. This well has a capacity of approximately 200 gallons per minute and is located in the southeast portion of Parcel 2. A 2,500-gallon pressure tank currently is installed in the well house. There is a second well 178 feet deep and having a capacity of 230 gallons per minute also located in this same area. Applicant proposes to equip this second well with a pump and electric motor when the demand for additional water requires its use. Applicant also proposes to install a storage tank of approximately 250,000-gallon capacity in the northeast portion of Parcel 2 in connection with the development of the second unit of Parcel 2.

At the time of development of Parcel 1, applicant proposes to drill a well in the southeastern portion of Parcel 1, equip such well with a pumping plant and tie the water systems in Parcels 1 and 2 together.

Water mains consisting of 546 feet of 8-inch and 1,988 feet of 6-inch 12-gauge dipped and wrapped steel pipe have been laid in Unit 1 of Parcel 2. Services consist of 1-inch galvanized steel pipe. Five fire hydrants have been installed to serve the first unit of Parcel 2.

A copy of a water supply permit issued by the El Dorado County Health Officer is attached to the application.

### Estimated Cost of System and Financing

Applicant's estimate of the cost of the water facilities now installed to serve Unit 1 of Parcel 2 approximates \$45,000 as detailed in Exhibit 1 of the amendment to the application and as modified at

the hearing. Applicant requests an additional amount of \$10,000 for working capital. The sum of these two items is the amount of \$55,000, for which applicant desires to issue 5,500 shares of its \$10 par value common stock to LeRoy Lampson and Gino Maroni, President and Secretary, respectively, of Echo View Estates Water Co., Inc., applicant herein.

The ultimate system is estimated by applicant to cost in excess of \$150,000, which, according to the testimony, is anticipated to be financed through the issue of additional common stock to LeRoy Lampson and Gino Maroni for cash upon future applications to and authorization by this Commission.

#### Proposed Rates

Applicant amended its application at the hearing, requesting rates comparable to those of Angora Water Company which, for flat rate service, are generally as follows:

	<u>Per Service Connection Per Year</u>
Annual Residential Flat Rate Service:	
For a single family residence, including premises .....	\$72.00
	<u>Per Service Connection Per Season</u>
Seasonal Residential Flat Rate Service:	
For a single family residence, including premises:	
Summer Season, May 1 through October 31	\$45.00
Winter Season, November 1 through April 30	35.00

Annual and seasonal metered service rates also are provided by Angora Water Company.

In the opinion of the Commission such rates are reasonable for the initial development of Echo View Estates. Since applicant provides fire hydrants, it will be required to file rates for such service. Also, applicant will be required to file necessary rules governing customer relations.

Prior to the development of the second unit of Parcel 2 applicant will be required to arrange for a connection with another firm potable source of water supply or to have available appropriate standby facilities such as a second well equipped with pump and motor, adequate storage or an interconnection with another separate system such as Parcel 1 or the adjacent utility when arranged for contractually.

Until such time as applicant carries out its rather indefinite plans to drill a well to serve the isolated Parcel 1 and interconnect the distribution system of Parcel 1 with that of Parcel 2, no water at all will be available to the property in Parcel 1. The certificate to be granted herein for Parcel 1 will therefore not become effective until applicant has provided for an adequate supply to said parcel, such as its proposed interconnection with the distribution system of Parcel 2.

#### Findings and Conclusions

The Commission finds as a fact that public convenience and necessity require and will require that applicant be authorized to operate a public utility water system to serve Parcels 1 and 2 of Echo View Estates as requested. The certificate hereinafter granted 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.

Further, the Commission is of the opinion that the money, property or labor to be procured or paid for by the issuance of 5,500 shares of capital stock, having a par value of \$10 per share, for

cash, in the amount of \$55,000, is reasonably required by applicant for the purposes hereinabove stated and as specifically enumerated in the application, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

In issuing our order herein, we place applicant 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 should be allowed to earn on its investment in plant and that the approval herein given is not to be construed to be a finding of the value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates. Moreover, the rates herein authorized may be subject to review at any time and particularly as further development of the subdivision occurs.

#### O R D E R

The above-entitled application having been considered, public hearing having been held, the Commission being fully informed and having found that public convenience and necessity require the proposed water system; therefore,

IT IS ORDERED that a certificate of public convenience and necessity is hereby granted to Echo View Estates Water Co., Inc., to construct and operate a public utility water system for the production, distribution and sale of water within Parcel 1 and Parcel 2 of Echo View Estates as said subdivision area is delineated in Exhibit C attached to the application herein.

IT IS FURTHER ORDERED that:

1. The certificate granted in the foregoing paragraph of this order shall not become effective:

- a. For other than the first unit of Parcel 2 of Echo View Estates, until applicant shall have provided for the reasonable continuation of an adequate supply of water for said parcel in the event of failure or shut-down of its present single well source, all in a manner acceptable to the Commission, and shall have so notified the Commission in writing after the effective date of this order.
- b. For Parcel 1 of Echo View Estates, until applicant shall have provided for an adequate supply of water for said parcel, all in a manner acceptable to the Commission, and shall have so notified the Commission in writing after the effective date of this order.

2. Echo View Estates Water Co., Inc., shall not extend service outside of the territory certificated to it without authority first having been obtained from this Commission.

3. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedules of rates and charges attached to this order as Appendix A and, with tariff service area map and rules governing customer relations acceptable to the Commission, to make said rates, map and rules effective upon five days' notice to the public and to the Commission after filing as hereinabove provided.

4. 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 200 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 water system properties of applicant.

5. Applicant, on and after the effective date hereof and on or before March 31, 1962, may issue and sell not to exceed 5,500 shares of its common stock at not less than \$10 per share for the purposes hereinabove set forth.

6. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24A, which order, insofar as applicable, is made a part of the order herein.

7. 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.

8. Applicant shall base the accruals to the depreciation reserve upon spreading the original cost of the utility plant, less estimated future net salvage and depreciation reserve, over the remaining life of the plant. Applicant shall review the depreciation rates as of January 1 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 for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

9. The certificate and authorizations hereinabove granted will expire if not exercised prior to April 1, 1962.

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

Dated at San Francisco, California, this  
7th day of March, 1961.

\_\_\_\_\_  
President  
E. J. [Signature]  
\_\_\_\_\_  
George T. Hoover  
\_\_\_\_\_  
Frederick B. Holbluff  
\_\_\_\_\_  
Commissioners

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



Appendix A  
Page 1 of 6

## Schedule No. 1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area including the subdivision known as Echo View Estates, Parcels 1 and 2, located approximately 2½ miles southwest of Tahoe Valley, El Dorado County.

RATES

## Monthly Quantity Rates:

	Per Meter Per Month
First 800 cu.ft. or less .....	\$ 6.00
Next 1,200 cu.ft., per 100 cu.ft. ....	.30
Next 3,000 cu.ft., per 100 cu.ft. ....	.25
Over 5,000 cu.ft., per 100 cu.ft. ....	.20

## Annual Minimum Charge:

	Per Meter Per Year
For 5/8 x 3/4-inch meter .....	\$ 72.00
For 3/4-inch meter .....	88.00
For 1-inch meter .....	120.00
For 1½-inch meter .....	187.00
For 2-inch meter .....	256.00

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 annual minimum charge applies to service during the 12-month period commencing January 1, and is due in advance.

(Continued)

Schedule No. 1 (Continued)

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS

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.

Schedule No. 1S

SEASONAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including the subdivision known as Echo View Estates, Parcels 1 and 2, located approximately 2½ miles southwest of Tahoe Valley, El Dorado County.

RATES

Monthly Quantity Rates:

First 800 cu.ft. or less, included in Seasonal Minimum Charge	
Next 1,200 cu.ft., per 100 cu.ft. ....	\$ .30
Next 3,000 cu.ft., per 100 cu.ft. ....	.25
Over 5,000 cu.ft., per 100 cu.ft. ....	.20

Seasonal Minimum Charge:

	Per Meter Per Season	Quantity Allowed
Summer Season: May 1 through October 31	Per Month for	Seasonal Min. Charge
For 5/8 x 3/4-inch meter	\$ 45.00	\$ 35.00 800 cu.ft.
For 3/4-inch meter	53.00	43.00 1,200 cu.ft.
For 1-inch meter	69.00	59.00 2,000 cu.ft.
For 1½-inch meter	102.00	92.00 4,000 cu.ft.
For 2-inch meter	137.00	127.00 6,400 cu.ft.

SPECIAL CONDITIONS

1. Service may be taken under this schedule for either or both seasons.
2. The seasonal minimum charge is payable in advance on or before the initial day of the season.
3. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative, monthly consumption basis.

Appendix A  
Page 4 of 6

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 including the subdivision known as Echo View Estates, Parcels 1 and 2, located approximately 2½ miles southwest of Tahoe Valley, El Dorado County.

RATES

	<u>Per Service Connection Per Year</u>
For a single family residence, including premises .....	\$72.00
For each additional residence on the same premises and served from the same service connection .....	63.00

SPECIAL CONDITIONS

1. The above residential flat rate charges apply 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, or Schedule No. 1S, Seasonal General Metered Service.
4. The annual flat rate charge is payable in advance on or before January 1 of each year.

Appendix A  
Page 5 of 6

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including the subdivision known as Echo View Estates, Parcels 1 and 2, located approximately 2½ miles southwest of Tahoe Valley, El Dorado County.

RATES

		: Per Service Connection :
		: Per Season :
		: Summer Season: Winter Season :
		: May 1 through: Nov. 1 through:
		: October 31 : April 30 :
For a single family residence, including premises .....	\$45.00	\$35.00
For each additional residence on the same premises and served from the same service connec- tion .....	40.00	30.00

SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All seasonal 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, or Schedule No. 1S, Seasonal General Metered Service.
4. Service may be taken under this schedule for either or both seasons.
5. The seasonal flat rate charge is payable in advance on or before the initial day of the season.

Appendix A  
Page 6 of 6

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 including the subdivision known as Echo View Estates, Parcels 1 and 2, located approximately 2½ miles southwest of Tahoe Valley, El Dorado County.

RATE

	<u>Per Month</u>
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.