

ORIGINAL

Decision No. 62623

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of AMERICAN UTILITIES, INC., a California corporation, for a certificate of public convenience and necessity to operate a public utility water system and to establish metered rates for water service in a portion of the unincorporated area of the County of Santa Cruz, portions of Sections 16 and 21, T.9 S., R.2 W., M.D.B. & M. and authority to issue stock, pursuant to the provisions of the Public Utilities Code of the State of California.

Application No. 42935

Wesley S. Burrows and Robert Kuerzel, for applicant;
Orrick, Dahlquist, Herrington & Sutcliffe by
Robert Keller, for Citizens Utilities
Company of California; John Coleman, Mary E.
O'Connell, Harold J. McNeil, Betty G. Brush,
George M. McPherson, Mrs. G. J. McNeely,
Mrs. Harold I. Wood, Harold Wood, in propria
personae, protestants;
Clyde N. Larsen, for Santa Cruz County Health
Department, interested party;
W. B. Stradley and Sidney J. Webb, for the Com-
mission staff.

OPINION ON REHEARING

By Decision No. 61886, issued April 25, 1961, this Commission denied the application of American Utilities, Inc., for a certificate of public convenience and necessity to operate a public utility water system in an unincorporated area about 2½ miles northeasterly of the community of Boulder Creek, Santa Cruz County. Pursuant to an order therefor, rehearing in the matter was held before Commissioner George G. Grover and Examiner F. Everett Emerson, on July 13, 1961, at Boulder Creek; and on August 16, 1961 at San Francisco. The matter is submitted and ready for decision.

The individuals who protest granting of the application, reside on or own properties downstream from applicant's point of diversion on Bear Creek. Their problems, as presented in testimony during the rehearing, are not germane to the issues in this matter but concern water rights in the area.

Although the order granting rehearing placed no limit on the issues to be reconsidered, the issue of major interest concerns the adequacy of water supply and in particular the suitability of Bear Creek as a source of supply. The bulk of the evidence on rehearing was directed to this subject.

Whereas the evidence at the original hearing was not convincing on the subject, the present record establishes that applicant has now obtained reliable and sufficient sources of supply. Stream flow during the summer of 1961 is the lowest of record, yet flow measurements of Bear Creek in August show a continuous stream flow of 0.4 cubic feet per second (180 gallons per minute). Applicant now holds a permit from the State Water Rights Board to divert from such stream, on a year-round basis, up to 0.22 cfs (90 gallons per minute) by direct diversion. In addition to this stream source, applicant has developed two horizontal wells, on the hillside properties within its proposed service area, which produce an amount of water sufficient to serve about 125 customers. Its engineer testified that this same area could be further developed as a supplemental source of supply should the demands of its system require it.

In the light of the record, the Commission finds as a fact that applicant now has available to it a reliable primary source of supply which, together with its water storage facilities, is sufficient to enable it to meet the reasonable needs of its proposed service area.

With respect to the position of protestant Citizens Utilities Company of California and its ability to serve the area, the evidence shows that such utility, during the critically dry summer period of 1961, could not have provided a service equal to that unrestricted service which applicant could supply in the proposed service area. Citizens was forced to ration its customers' use of water and publicly threatened to discontinue water service to anyone who might use water for "irrigation, swimming pools, automobile washing or any other outdoor use."

In view of the record in this proceeding the Commission finds that public convenience and necessity require and will require that applicant provide public utility water service within the area requested.

The rates for water service proposed by applicant appear to be identical with those of the nearest other public utility in the general area. Typical monthly billings would be as follows for the usual 5/8 by 3/4-inch metered service:

<u>Amount</u>	<u>Monthly Bill</u>
500 cubic feet	\$ 3.50
1000 cubic feet	6.25
1500 cubic feet	9.00
2000 cubic feet	11.75

We find applicant's rate proposal to be reasonable and applicant will be authorized to file the same.

As heretofore recited (Decision No. 61886) applicant's area is being developed in two phases. The water system is complete in Phase One except for the storage tank to be used in connection with the two new horizontal wells. Costs of constructing the first phase approximate \$57,009. The Phase Two construction is estimated to cost about \$125,200. The details of construction costs are set forth in exhibits attached to the application and received during

the course of the hearings. To finance such construction costs, applicant proposes to issue stock, assume a conditional sale contract and collect main extension deposits. Applicant seeks authority to issue \$101,000 worth of stock to Bear Creek Estates, Inc. The conditional sale contract, in the amount of \$20,866.56 is a means of financing the costs of the filtration plant. Future main extension deposits are expected to total approximately \$52,500.

In view of the evidence, applicant's request to issue stock will be granted, the Commission finds as a fact that the money, property or labor to be procured or paid for by such issuance of stock is reasonably required for the purpose of acquiring the water system and facilities and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The certificate herein issued is subject to the 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.

ORDER ON REHEARING

Public hearings having been held and based upon the evidence therein adduced and the findings set forth in the foregoing opinion,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to American Utilities, Inc., authorizing it to acquire, construct and operate a public utility water system for the sale of water within those portions of Sections 16 and 21 of T.9 S., R.2 W.,

M.D.B. & M., Santa Cruz County, delineated on Exhibits Nos. B-1 and C-1 attached to the application, as amended, in this proceeding.

2. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order, acceptable to the Commission and in conformity with the provisions of General Order No. 96, the schedules of rates and charges set forth in Appendix A attached to this order, together with rules governing service to customers, a tariff service area map and sample copies of printed forms normally used in connection with customers' services, and to make said rates, rules, tariff service area map and forms effective, upon five days' notice to the public and to this Commission after filing as herein provided, on or before the date service is first rendered to the public under the authority herein granted.

3. 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.

4. Applicant shall file with this Commission, within thirty 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 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 shall determine accruals for depreciation by dividing the original cost of depreciable utility plant, less estimated future net salvage less depreciation reserve, by the estimated remaining life of the plant; further, applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than three years. Results of such reviews shall be submitted to this Commission.

6. Applicant, for the purposes hereinabove set forth, may issue, on or after the effective date of this order and on or before January 1, 1963, not to exceed \$101,000 aggregate par value of its capital stock at par and applicant shall file with this Commission a report or reports as required by General Order No. 24-A, which order insofar as applicable, is hereby made a part of this order.

7. Applicant is authorized to execute a conditional sale contract in an amount not to exceed \$20,866.56 and in the form set forth in Exhibit L attached to the application, such contract to be for the purpose of acquiring a filtration plant and for the payment of carrying charges on a 4 per cent discount basis to be repaid over a period of eight years.

8. The certificate herein granted and the authority to render service under the rates and rules authorized herein will expire if not exercised on or before January 1, 1963. Further, if the authorizations herein granted are exercised, applicant shall expressly dedicate to public utility purposes the land, parcels or areas, on which wells, pumps, tanks and related water facilities are located, and any easements or permits where water mains are located otherwise than in streets dedicated to public use, and within fifteen days thereafter applicant shall file a written statement with this Commission that such dedication in fact has been made.

9. The authority herein granted to execute a conditional sale contract will become effective when applicant has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code,

which fee is \$25. In all other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 3rd day of OCTOBER, 1961.

President

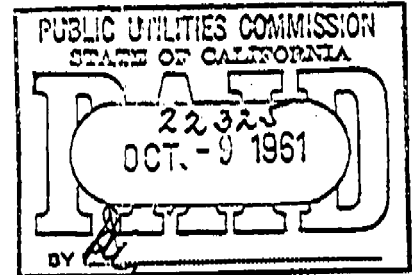
E. Lynn Fox

George L. Brewer

Friedrich B. Holshoff

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 3

Schedule No 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Bear Creek Estates, and vicinity, located approximately 2½ miles northeast of Boulder Creek, Santa Cruz County.

RATES

Monthly Quantity Rates:

	<u>Per Meter Per Month</u>
First 500 cu.ft. or less	\$ 3.50
Next 1,500 cu.ft., per 100 cu.ft.55
Next 2,000 cu.ft., per 100 cu.ft.45
Next 3,000 cu.ft., per 100 cu.ft.40
Next 5,000 cu.ft., per 100 cu.ft.35
Over 12,000 cu.ft., per 100 cu.ft.25

Annual Minimum Charge:

	<u>Per Meter Per Year</u>
For 5/8 x 3/4-inch meter	\$ 42.00
For 3/4-inch meter	60.00
For 1-inch meter	96.00
For 1½-inch meter	168.00
For 2-inch meter	252.00
For 3-inch meter	480.00
For 4-inch meter	960.00

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)

Schedule No. 1A

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. A customer who has established his permanency by having paid for service during the preceding 12 months may elect to pay the annual minimum charge on a monthly basis equal to one-twelfth of the annual minimum charge.

2. When the annual minimum charge is paid in advance, charges for water used in excess of the monthly allowance under 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. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Bear Creek Estates, and vicinity, located approximately 2½ miles northeast of Boulder Creek, Santa Cruz County.

RATE

Per Month

For each hydrant	\$2.00
------------------------	--------

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1A, 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 a result of its normal operation of the system.