

Decision No. 62890

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WEIMAR WATER CO. for)
a Certificate of Public Convenience)
and Necessity to operate a water)
system in the Weimar area of Placer)
County; to establish rates; and to)
issue 200 shares of capital common)
stock.)

Application No. 43501
(Filed June 13, 1961)

O P I N I O N

Weimar Water Co., a California corporation, requests a certificate of public convenience and necessity to construct and operate a public utility water system in Sleepy Hollow Acres, Unit One, a tract containing approximately 65 acres of land subdivided into a total of 93 lots varying in size from approximately 10,000 square feet to approximately an acre. This tract is located approximately two miles north of Weimar, an unincorporated community in Placer County, California. Its elevation is approximately 2,250 feet above sea level. Applicant also requests authority to issue 200⁽¹⁾ shares of common capital stock having a par value of \$100 per share to Sleepy Hollow Acres, Inc., a California corporation, in return for the land, plant, and water system presently installed, plus working cash, and authority to execute a water supply contract with Pacific Gas and Electric Company.

Applicant is a California corporation. Its Articles of Incorporation, under the name Sleepy Hollow Acres Water Co., were filed on May 19, 1961, and by an amendment filed on June 9, 1961,

(1) The applicant inadvertently prays for the issuance of 200 shares of stock. Actually it requests and needs 2,000 shares of stock and the order herein authorizes the issuance in that amount.

its name was changed to Weimar Water Co. Its incorporators were Leo Meneley, Louis R. Saccheetto, Joseph Contarini, and Samuel J. Contarino. These four composed its first directors. Leo Meneley is its president.

Applicant is authorized by the Articles of Incorporation to issue not to exceed 5,000 shares of common capital stock with a stated par value of \$100 per share.

The water supply is to be obtained from the Pacific Gas and Electric Company's Boardman Canal at a point approximately one-half mile west of the area and will be pumped by automatically controlled booster pumps to a water storage basin of approximately 500,000-gallon capacity located at an elevation of approximately 2,460 feet. From this basin water will flow by gravity to a sand filter plant having a capacity of 1,500 gallons of water per minute and will be treated with chlorine. It will then be pumped to three 65,000-gallon storage tanks. The water is to be delivered from this storage through a 10-inch transmission main to the distribution mains within the tract. These consist of 10-gauge, 8-inch diameter and 12-gauge, 6- and 4-inch diameter dipped and wrapped steel pipe. There will be fire hydrants at 500-foot intervals throughout the tract. Distribution pressures are estimated to vary from 45 to 80 pounds.

Applicant alleges that no franchise is required from any public authority.

Applicant will enter into an agreement with Pacific Gas and Electric Company for the purchase of not to exceed 25 miner's inches (about 280 gallons per minute) of untreated water. The essential terms of this proposed agreement are set forth in an amendment to the application, filed August 24, 1961. The

charges for this water will be in accordance with Pacific Gas and Electric Company's Schedule No. R-1, Resale Service - Untreated Water, on file with this Commission for its Placer Water System.

All services are to be metered. The proposed minimum charge is on an annual basis due to the anticipated part-time occupancy by the customers. The proposed rates and conditions are as follows:

Monthly Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 500 cubic feet, or less	\$ 3.75
Next 700 cubic feet, per 100 cubic feet.30
Next 1,300 cubic feet, per 100 cubic feet.22
Over 2,500 cubic feet, per 100 cubic feet.15

Annual Minimum Charge:	<u>Per Meter</u> <u>Per Year</u>
For 5/8 x 3/4-inch meter	\$ 45.00
For 3/4-inch meter	54.00
For 1-inch meter	75.00
For 1-1/2-inch meter	117.00
For 2-inch meter	150.00
For 3-inch meter	237.00
For 4-inch meter	357.00

The annual Minimum Charge will entitle the customer to a 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. 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.

Fire hydrant rates are to be \$2.50 per hydrant per month.

Applicant estimates the costs of operation for the initial year will be \$13,031 and that revenues for said year will be approximately \$7,000. This contemplates service for one year to the initial tract of 93 lots and sales of approximately 1,500 cubic feet per month per lot. Applicant alleges it is prepared to carry the initial loss until such time as it extends its service area sufficiently to operate at a profit.

Applicant has not secured a water supply permit.

Applicant proposes to issue not to exceed 200 shares of its common capital stock to Sleepy Hollow Acres, Inc., in exchange for the plant, land and meters valued by applicant at \$192,548; reimbursement for the overhead construction costs of said facilities incurred by said company, stated to be \$17,339; and \$2,000 of working capital. These items total \$211,887.

A Commission staff engineer estimates that the water supply, together with the proposed storage, will be adequate for approximately 1,000 customers.

Copies of the application and amendment were served on all competing water companies in the area. No protests have been filed. A public hearing is not necessary.

Upon consideration of the evidence the Commission finds and concludes as follows:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. Applicant will have the financial resources to construct and operate the proposed water system.

3. The money, property or labor to be procured or paid for by the issuance of the stock herein authorized is reasonably required for the purposes specified and such purposes are not in whole or in part reasonably chargeable to operating expenses or to income. The authorization herein granted is not to be construed as a finding of value of applicant's stock or properties, nor as indicative of amounts to be included in any future rate base for determination of just and reasonable rates.

4. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered. The annual minimum charges proposed by applicant for 1-inch and larger meters should be modified slightly to make them more readily applicable on a monthly basis.

5. Applicant's water supply and distribution facilities will provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103.

6. Applicant should apply for a water supply permit from the Health Department of the State of California or the County of Placer and should file a copy of said application with this Commission.

The certificate hereinafter granted shall be subject to the following provision of law:

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

An application having been filed and the Commission having considered all of the allegations thereof,

IT IS ORDERED that:

1.a. A certificate of public convenience and necessity is granted to Weimar Water Co., a corporation, authorizing it to construct and operate a public utility water system for the distribution and sale of water within the area described as Sleepy Hollow Acres, Unit One, comprising 65 acres, near Weimar, in Placer County.

b. The certificate granted herein shall not become effective until applicant shall have applied for, and first obtained, authorization of this Commission to carry out the terms of an agreement entered into with Pacific Gas and Electric Company by which a permanent water supply is made available to applicant in such manner that applicant, in combination with its own storage, shall have available for its customers a continuous rate of flow of not less than ten miner's inches.

2. Applicant is authorized to file, after its compliance with paragraph 1.b. of this order, the schedules of rates and charges set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public under the authority herein granted, 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, in accordance with the requirements of General Order No. 96. Such rates, rules, tariff service area map and forms shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

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, within thirty days after the system is first 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 tract of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of the applicant.

5. Beginning with the year 1961, applicant shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3 percent. This rate shall be used until review indicates that it should be revised. Applicant shall review the depreciation rate, using the straight-line remaining life method, when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

6. If the authorization herein granted is exercised, applicant shall expressly dedicate to public utility purposes the land, parcels or areas, other than those covered by U. S. Government leases, on which the 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.

7. Applicant shall, prior to the date service is first furnished to the public under the authority herein granted, apply to the health authority having jurisdiction for a water supply permit for the proposed system, and report to the Commission in writing that application has been made for such permit.

8. Applicant, for the purposes herein set forth, may issue not to exceed \$200,000 aggregate par value of its capital stock at par.

9. 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.

10. The certificate herein granted and the authority to render service under the rates and rules authorized herein will expire if not exercised within one year after the effective date of this order.

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

Dated at Los Angeles, California, this 5th day of December, 1961.

Charles H. Boy
President
E. J. Fox
George H. Grover
Fredrick B. Halbluff
Commissioners

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

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Sleepy Hollow Acres, and vicinity, located approximately two miles north of Weimar, Placer County.

RATES

Monthly Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	500 cu.ft. or less	\$ 3.75
Next	700 cu.ft., per 100 cu.ft.30
Next	1,300 cu.ft., per 100 cu.ft.22
Over	2,500 cu.ft., per 100 cu.ft.15
Annual Minimum Charge:		<u>Per Meter</u> <u>Per Year</u>
For	5/8 x 3/4-inch meter	\$ 45.00
For	3/4-inch meter	54.00
For	1-inch meter	72.00
For	1 1/2-inch meter	120.00
For	2-inch meter	156.00
For	3-inch meter	240.00
For	4-inch meter	360.00

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

Sleepy Hollow Acres, and vicinity, located approximately two miles north of Weimar, Placer County.

RATE

	<u>Per Month</u>
For each hydrant	\$2.50

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 the result of its normal operation of the system.