

ORIGINALDecision No. 65941

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BERRY CREEK WATER)
 COMPANY to construct and operate)
 a water system in the Sierra-Nevada)
 Mountains at an elevation of)
 approximately 2100 feet in Butte)
 County; to establish rights; and to)
 issue stock.)

Application No. 45277

O P I N I O N

Berry Creek Water Company, a corporation, requests a certificate of public convenience and necessity to construct and operate a public utility water system in a subdivision known as Ponderosa Pines, Sand Creek Unit, Butte County. Authority is also requested to issue 7,400 shares of applicant's \$10 par value, common capital stock.

A Commission staff engineer made a field investigation of this application and a copy of his report thereof will be incorporated in the record as Exhibit No. 1.

The proposed service area is located about 20 miles east of Oroville at an elevation of approximately 2,100 feet. The lots, 171 in number, will be irregular in shape with a minimum size of one-half acre. The Sand Creek Unit has been recorded in Map Book 30, pages 1, 2 and 3 in the office of the Recorder of Butte County. The nearest water systems are Lake Madrone Water Company, about 2 miles northeast, and the Oroville District of California Water Service Company in and around the City of Oroville. It is anticipated that most users will be summer home people with a few year-round residents. The Oroville Dam with its associated recreational opportunities will arise close by.

Water will be obtained from Berry Creek, alleged to be an all-year stream. In a letter from the Berry Creek Water Users Association, dated June 4, 1963, it is estimated that the flow of Berry Creek will range from 6 to 12 cubic feet per second during the driest part of the year. The water will be diverted through a filtration plant and chlorinated. It will then be pumped into the storage facilities. The distribution facilities are designed to meet the requirements of General Order No. 103.

Applicant proposes to file both flat and metered service rates. At first, however, all service will be at flat rates. The proposed basic rate was \$60 per year which was to serve as both the flat rate and the minimum for a 5/8 by 3/4-inch meter. This proposal lacks balance between the flat and metered service rates. Applicant, however, agreed orally with a member of the Commission staff for a more suitable meter minimum. Such a minimum is the \$54 charge established by the following order.

Applicant proposes to issue 7,300 shares of stock to Ponderosa Pines, Inc., a California corporation, in payment for the system which Ponderosa will build. The remaining 100 shares are proposed to be issued to Charles E. Morgenroth and his wife in joint tenancy for \$1,000 in cash to supply applicant with a starting capital fund. Applicant has estimated the cost of the proposed system as follows:

Land	\$ 1,381
Pumping and Filtering Systems	21,619 ¹
Distribution System (including fire hydrants)	50,000
Total	<u>73,000</u>

¹ A quotation in this amount has been obtained from a supplier and a copy thereof is included in the company engineer's report, Exhibit B to the application.

The Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the following order.
2. Applicant possesses 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 issue of the stock herein authorized is reasonably required for the purposes specified herein, and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. The rates set forth in the following order are fair and reasonable for the service proposed.
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 has applied for but not obtained a water supply permit from the Public Health Authority having jurisdiction.
7. A composite depreciation rate of 3 percent is reasonable for this system.

The Commission concludes that the application should be granted as set forth in the order following.

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.

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 as a finding of 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.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Berry Creek Water Company, authorizing it to construct and operate a water system to serve Ponderosa Pines, Sand Creek Unit, Butte County.
2. Compliance by applicant with paragraph 3 of this order shall constitute acceptance by it of the right and obligation to furnish public utility water service within the area certificated herein. The authority herein granted shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.
3. Applicant is authorized to file 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 and in accordance with the requirements of General Order No. 96-A. After having been so filed, such tariff sheets shall become effective upon five days' notice to this Commission and to the public.
4. Within ten days after the date service is first furnished to the public under the rates and rules authorized herein, applicant shall so notify this Commission in writing.

5. Within thirty days after the system is placed in operation under the rates and rules authorized herein, applicant shall file four copies of a comprehensive map, drawn to an indicated scale of not more 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 properties related to applicant's water system certificated herein.

6. Beginning with the year 1963, applicant shall determine depreciation accruals by multiplying the depreciable 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.

7. Applicant, for the purposes herein set forth, may issue not to exceed \$74,000 aggregate par value of its capital stock at par.

8. Applicant 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.

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

Dated at San Francisco, California, this 3rd day of SEPTEMBER, 1963.

William W. Arnold
President
David E. [unclear]
George E. [unclear]
Frederick B. Hallock
Commissioners

APPENDIX A
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Schedule No. 1A

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The area known as Ponderosa Pines, located 20 miles east of Oroville, Butte County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:		
First	600 cu.ft. or less	\$ 4.50
Next	1,400 cu.ft., per 100 cu.ft.40
Next	2,000 cu.ft., per 100 cu.ft.30
Over	4,000 cu.ft., per 100 cu.ft.25
Annual Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 54.00
For	3/4-inch meter	69.00
For	1-inch meter	102.00
For	1 1/2-inch meter	168.00
For	2-inch meter	234.00

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)

APPENDIX A
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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. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated minimum charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

The area known as Ponderosa Pines, located 20 miles east of Oroville, Butte County.

RATES

	<u>Per Service Connection Per Year</u>
For a single-family residential unit, including premises	\$60.00
For each additional single-family residential unit on the same premises and served from the same service connection	40.00

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.

(Continued)

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS—Contd.

4. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay pro-rated flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

5. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The area known as Ponderosa Pines, located 20 miles east of Oroville, Butte County.

RATE

	<u>Per Month</u>
For each hydrant	\$2.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1A, Annual General Metered Service.
2. The cost of installation and maintenance of hydrants shall be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
5. 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.