

ORIGINALDecision No. 67298

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of B.L. and E. Co.)
 to construct and operate a)
 domestic water system for Big)
 Lagoon Park Subdivision-Block A)
 at Big Lagoon, Humboldt County.)

Application No. 44736
 (Second Amendment Filed
 February 21, 1964)

O P I N I O N

The original application in this matter was filed by Georgia-Pacific Corporation, a Georgia corporation, on August 27, 1962. Georgia-Pacific filed a first amendment to the application on September 14, 1962. The application, as amended by the first amendment, could not be processed because it failed to comply with certain requirements of California law. On February 21, 1964, a second amendment was filed to the application by Georgia-Pacific and B. L. and E. Co., a California corporation, which in part seeks the substitution of B. L. and E. Co. as the applicant herein. The ensuing order will provide for such substitution. The deficiencies in the application have been corrected, and the matter is now ready for decision.

B. L. and E. seeks herein (1) a certificate of public convenience and necessity to operate a water system in an unincorporated area in Humboldt County, near Eureka; (2) approval of its proposed water rates; and (3) authority to sell and issue 4,300 of its one-dollar par value capital stock to Georgia-Pacific to acquire the water distribution system and provide working capital.

The Commission staff made a field investigation in connection with the application. The report prepared by the staff is hereby designated Exhibit 1 in this proceeding.

The area for which the certificate of public convenience and necessity is sought is known as Big Lagoon Park Subdivision and is located approximately 35 miles north of Eureka. Georgia-Pacific is developing the subdivision. The subdivision will have a total of 60 vacation and permanent resident sites when it is eventually completed. Development of the subdivision is expected to take a number of years, and only 25 customers are anticipated in the near future.

The water distribution system for which certification is herein sought has already been constructed by Georgia-Pacific. It consists of a well equipped with a submersible pump, a 20,000 gallon redwood storage tank, a booster pump and 3,334 feet of 6-inch asbestos cement type. The system meets the requirements of General Order No. 103. A permanent water supply permit has been issued for the well by the Humboldt-Del Norte County Health Department.

B. L. and E.'s articles of incorporation authorize it to issue 5,000 shares of one-dollar par value common stock. B. L. and E. proposes to issue to Georgia-Pacific 4,300 shares of its common stock at a price of \$10 per share. B. L. and E. intends to use the proceeds from the sale of the stock to acquire the water system here involved from Georgia-Pacific for its actual cost of \$38,000; the remaining balance would be used for working capital.

It is noted that the original application proposed a "normal connection charge not yet established" to be made for commencing service to a customer. The second amendment to the application does not mention such a charge and none is requested in the rates proposed therein. The proposed connection charge would violate Section V 2a(1) of General Order No. 103 and will not be authorized. Applicant is advised that it may not levy such a charge.

The Commission makes the following findings and conclusions:

Findings of Fact

1. B. L. and E. Co. should be substituted as applicant herein in the place of Georgia-Pacific Corporation.
2. A public hearing is not necessary in this matter.
3. Applicant possesses the financial resources to acquire, construct and operate the proposed water system.
4. 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 that 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 proceedings for the determination of just and reasonable rates.
5. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.
6. 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.
7. Public convenience and necessity require that the application be granted as set forth in the ensuing order.

Conclusions of Law

1. B. L. and E. Co. should be substituted as applicant herein in the place of Georgia-Pacific Corporation.
2. Applicant should be granted a certificate of public convenience and necessity to construct and operate a public utility water system to serve Big Lagoon Park Subdivision, Block A, Humboldt County, as shown on Exhibit C attached to the application. 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.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

3. Applicant should be authorized to issue 4,300 shares of its one-dollar par value capital stock to Georgia-Pacific Corporation for the price of \$10 per share.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to B. L. and E. Co., authorizing it to construct and operate a public utility water system to serve Big Lagoon Park Subdivision, Block A, Humboldt County, as shown on the map, Exhibit C, attached to the original application herein and by this reference made a part hereof.

2. Within one year after the effective date of this order, 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 in accordance with the requirements of General Order No. 96-A. After having been so filed, such tariff sheets shall become effective the fourth day after the date filed.

3. Compliance by applicant with paragraph 2 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 granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

4. Within ten days after the date service is first rendered to the public under the rates and rules authorized herein, applicant shall submit written notice thereof to this Commission.

5. Within sixty days after the system is first placed in operation under the authority granted 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 parcels 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. When the number of customers reaches 25, or within one year after the date service is first furnished to the public under the authority herein granted, whichever is earlier, applicant shall have installed a standby source of water to provide for the reasonable continuation of an adequate supply of water to customers in case of the failure of the single source of supply. Within thirty days after such alternate facilities are installed, applicant shall file a written report with this Commission, showing the number of customers then served and the details of the manner in which the requirement of this paragraph has been accomplished.

7. Beginning with the year 1964, 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.

8. Applicant, for the purposes herein set forth, may issue not to exceed 4,300 shares of its one-dollar par value common stock to Georgia-Pacific Corporation at a price of ten dollars (\$10) per share.

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 hereof.

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

Dated at San Francisco, California, this 3rd day of JUNE, 1964.

William L. Bennett
President

George H. Brown
Commissioner

Fredrick B. Holloff
Commissioner

APPENDIX A
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Schedule No. 1S

SEASONAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Big Lagoon Park Subdivision - Block A, and vicinity, Humboldt County.

RATES

Monthly Quantity Rates:		<u>Per Meter Per Month</u>
First	600 cu.ft. or less	\$ 5.00
Next	1,400 cu.ft., per 100 cu.ft.50
Next	2,000 cu.ft., per 100 cu.ft.45
Over	4,000 cu.ft., per 100 cu.ft.40

Seasonal Minimum Charge:

	<u>Per Meter Per Season</u>	
	: Summer Season :	: Winter Season :
	: May 1 through :	: Nov. 1 through :
	: October 31 :	: April 30 :
For 5/8 x 3/4-inch meter	\$ 30.00	\$ 30.00
For 3/4-inch meter	39.00	39.00
For 1-inch meter	60.00	60.00
For 1 1/2-inch meter	105.00	105.00
For 2-inch meter	155.00	155.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one sixth of the seasonal minimum charge will purchase at the Monthly Quantity Rates.

(Continued)

Schedule No. 1S

SEASONAL GENERAL METERED SERVICE
(Continued)

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 under the seasonal minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility. 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.
4. The opening bill for metered service, except upon conversion from flat rate service, shall be the established seasonal minimum charge for the service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one one-hundred-eightieth ($1/180$) of the number of days remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period in which service is taken. If service is not continued for at least six months of the first year after the date of initial service, no refund of the initial seasonal 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

Big Lagoon Park Subdivision - Block A, and vicinity, Humboldt County.

RATE

	<u>Per Month</u>
For each hydrant	\$ 4.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 15, Seasonal 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.
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.