

ORIGINAL

Decision No. 69618

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
 OWENS VALLEY WATER COMPANY,)
 a California corporation, for:)
 (a) Certificate of Public Conven-)
 ience and Necessity to operate as)
 a water corporation pursuant to)
 Section 1001 of the Public Utilities)
 Code, and (b) For order authorizing)
 applicant to issue shares of its)
 stock and a promissory note pursuant)
 to Articles 5 and 6 of Chapter 4 of)
 the Public Utilities Code.)

Application No. 47525
 (Filed April 26, 1965)
 (Amended June 22, 1965)

OPINION AND ORDER

Owens Valley Water Company, a corporation, whose principal officers and directors are Donald L. Tatum, Steven B. Tatum, and Richard E. Wagner of the Wagner-Tatum Development Co., seeks a certificate of public convenience and necessity to construct, extend and operate a public utility water system in a 53-acre area identified as Parcel 3 in Section 36, T6S, R32E, M.D.B.&M., about one and one-half miles north of Bishop. Said area is to be divided into 135 lots and designated as "Tract One" of Lazy A Estates on which the development company will build single residence dwellings. Authority to issue 360 shares of its \$100 par value capital stock in the aggregate amount of \$36,000 for the existing water system, mains, and services in Tract One and for working capital, and to execute a deed of trust and a promissory note to Inyo Mono National Bank in the

principal amount of \$10,000 repayable in monthly installments of \$113.55, which includes payment on principal and interest on the unpaid balance at the rate of 6½ per cent per annum, to pay the cost of constructing a storage building, is also sought.

A Commission staff engineer and a Commission staff accountant have investigated the application and have submitted a report thereon which is hereby received as Exhibit No. 1. They show applicant's proposed financing to be sound and recommend that it be authorized. They also show that the sources of water supply and the water system installed and proposed to be installed are adequate and recommend that the requested certificate be granted and that the filing of schedules of monthly rates for general metered and residential flat rate service be authorized. The staff engineer estimated that applicant's operating revenues from the monthly flat rate for the year 1967 would amount to \$13,600; that total operating expenses, including depreciation and taxes, would be \$10,800; that net revenue would be \$2,800; that the average rate base would be \$44,200, after making adjustments for landed capital, pumping equipment, and transmission and distribution mains and services; and that the rate of return would be 6.3 per cent.

There is no other water purveyor in or adjacent to the requested area which can provide the requested service.

The Commission finds that a public hearing is not necessary, and that there is a public demand for immediate water service to the 53-acre subdivision, containing 185 lots, for which a certificate of public convenience and necessity to construct, extend and operate a public utility water system is requested. The

Commission further finds that applicant's proposed financing is sound and that the schedules of monthly rates for general metered and residential flat rate service recommended by the staff engineer in Exhibit No. 1 are reasonable for the purposes of this proceeding.

It is concluded that the application for a certificate, to issue stock and to execute a note should be granted; that applicant's proposal to establish an annual residential flat rate charge of \$78 per service connection per year is not acceptable and should be denied; and that filing of the monthly rate schedules recommended by the staff should be authorized.

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.

IT IS ORDERED that:

1. Owens Valley Water Company, a corporation, is granted a certificate of public convenience and necessity to construct, extend and operate a public utility water system in the 53-acre area identified as Parcel 3 and designated as Tract One of Lazy A Estates in Section 36, T6S, R32E, M.D.B. & M., in unincorporated territory of Inyo County as shown on the map, Exhibit E, attached to the application.

2.(a) Applicant is authorized to file, after the effective date of this order, the schedules of rates set forth in Appendix A to this order, tariff service area maps clearly indicating the boundaries of the certificated area, appropriate general rules, and copies of printed forms to be used in dealing with customers. Such filing shall comply with General Order No. 96-A and the tariff schedules shall become effective on the fourth day after the date of filing.

(b) Applicant's proposal of an annual flat rate of \$78 per service connection per year is denied.

(c) Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within ninety days after the effective date of this order, applicant shall file with the Commission two copies of this map.

(d) For the year 1965, applicant shall apply a depreciation rate of 2.5 per cent to the original cost of depreciable plant. Until review indicates otherwise, applicant shall continue to use this rate. Applicant shall review its depreciation rates at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of the plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of the plant. The results of each review shall be submitted promptly to the Commission.

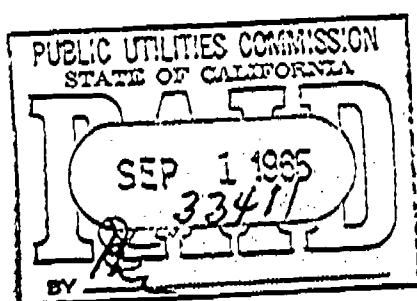
3. Applicant, for the purposes set forth in this proceeding, is authorized to issue not to exceed 360 shares of its \$100 par value common stock of the aggregate par value of \$36,000, to execute and issue a promissory note in the principal sum of \$10,000 bearing interest at the rate of 6½ per cent per annum, and to execute a deed of trust, said note and deed of trust to be in or substantially in the same form as those attached to the application, the Commission being of the opinion that the money, property or labor to be procured or paid for by the issuance of said stock and note are reasonably required for the purposes specified herein and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

4. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

The authority herein granted to issue a note will become effective when applicant has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$25.00. In all other respects, the effective date of this order is the date hereof.

Dated at San Francisco, California, this 31st day of AUGUST, 1965.

[Signature] President
George T. Fowler
[Signature]
[Signature] Commissioners



Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Lazy A Estates and vicinity, adjacent to Highway No. 395, located approximately one and one-half miles north of Bishop, Inyo County.

RATES

Quantity Rates:	Per Meter Per Month
First 800 cu.ft. or less	\$5.50
Next 2,200 cu.ft., per 100 cu.ft.30
Next 7,000 cu.ft., per 100 cu.ft.25
Over 10,000 cu.ft., per 100 cu.ft.20
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$5.50
For 3/4-inch meter	6.50
For 1-inch meter	7.50

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Lazy A Estates and vicinity, adjacent to Highway No. 395, located approximately one and one-half miles north of Bishop, Inyo County.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residential unit, including premises	\$6.50
a. For each additional single-family residential unit on the same premises and served from the same service connection	5.00

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 classification shall be furnished only on a metered basis.
3. For service covered by the above classification, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.