

ORIGINAL

Decision No. 71888

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Thomas H. Porter and
Lloyd A. Jones, as coowners (GRIZZLY
PARK WATER COMPANY) for a certifi-
cate of public convenience and
necessity to operate a public utility
system (water) in and adjacent to the
area of the proposed Grizzly Park
Development, in El Dorado County; and
to establish rates for the service of
water therefrom.

Application No. 46501

Application of Thomas H. Porter and
Peggy A. Porter, husband and wife, as
co-owners (GRIZZLY FLATS WATER COM-
PANY) for a certificate of public
convenience and necessity to operate
a public utility system (water) in
and adjacent to the area of the pro-
posed Grizzly Park No. 2 Development,
in El Dorado County, and to establish
rates for the service of water there-
from.

Amended
Application No. 48352

O P I N I O N

By Decision No. 67748, in Application No. 46501, Thomas H. Porter and Lloyd A. Jones, doing business as Grizzly Park Water Company, were certificated to construct with equity capital a water system in El Dorado County, California, to serve Grizzly Park Unit No. 1). The system was to have Class 150 asbestos-cement pipe. The application was reopened to investigate the desirability of forming a separate water company owned by essentially the same persons to render water service in the same general area, because assessment bonds are being used for financing and because Class 100 asbestos-cement pipe was specified for construction bidding.

Applicants' original petition for a certificate, Application No. 46501, filed on April 13, 1964, was reopened by the Commission on June 28, 1966, and consolidated with Application No. 48352, filed on March 28, 1966 and amended on August 19, 1966.

Application No. 48352, as originally filed by Mr. Porter and his wife, Peggy A. Porter, requested a certificate for Grizzly Flats Water Company to serve Grizzly Park Unit No. 2 (System No. 2). In the amended application, the Porters and Mr. Jones propose that Mrs. Porter acquire Mr. Jones' interest in Grizzly Park Water Company and that instead of forming a second water utility, Grizzly Park Water Company construct a separate system to serve Grizzly Park Unit No. 2.

Applicants, in effect, request authority to deviate from the filed main extension rule and use assessment bond financing for both developments.

Staff field investigations have been made into these applications by an accountant and an engineer. The last investigation was made on September 21, 1966 and a report thereof filed, dated November 4, 1966, is included herein as Exhibit No. 2.

Grizzly Park Units Nos. 1 and 2 are about one-half mile apart. They are located near Grizzly Flats, a small community about 22 miles east southeast of Placerville, California. Both areas are hilly and at similar elevations. Unit No. 1 contains 150 acres and is subdivided into 122 residential lots, each of which is 31,500 square feet or more in area. Another 60 lots immediately adjacent to Unit No. 1 may be subdivided by the Porters in the near future. Unit No. 2 contains 72 acres subdivided into one or two commercial lots and about 136 residential lots, the smallest of which is

10,250 square feet in area. Unit No. 2 may be expanded to a total of 251 acres and water service extended contiguously to serve this area. System No. 1 and System No. 2 will not be interconnected unless the Porters acquire and subdivide intervening land. Eagle Ditch, the source of water for System No. 1, flows through both units. A district about 20 miles away has the closest water system to the area.

In addition to the facilities indicated in Exhibit No. 1, the staff report on Application No. 46501 for Unit No. 1, applicants have drilled a 7-inch well 203 feet deep. The production capability of this well has not been determined. Applicants do not plan to equip this well with a pump until the need arises.

Unit No. 2 is to be supplied from a 7-inch well, 85 feet deep, equipped with a deep-well submersible turbine pump. Applicants' engineer reported a yield of 28.5 gpm from the well. However, the pump test data is inconsistent and may indicate a yield closer to 18 gpm. The major portion of the distribution system will be supplied from a 200,000-gallon steel storage tank. About 18 lots will be supplied by means of a booster pump and a 2,000-gallon hydropneumatic pressure tank. Eagle Ditch passes within about 400 feet of the well. As the need arises the applicants plan to appropriate additional water from Eagle Ditch and to drill additional wells.

System No. 1 was designed to have 1,000 feet of 6-inch, 8,500 feet of 4-inch and 1,800 feet of 2-inch, Class 150 asbestos-cement pipe. Although the contract bid specifications changed the quality to Class 100, Class 150 was finally installed. Unit No. 2 is designed to have 60 feet of 8-inch, 11,450 feet of 6-inch and

600 feet of 4-inch, Class 100 asbestos-cement pipe. Each system is designed to have fire hydrants, blowoffs and plastic services. Applicants' engineer plans to limit pressures to 100 psi in System No. 2 by means of pressure-regulating valves backed up by pressure-relief valves. Periodic inspection and maintenance of these special valves will be necessary.

The tabulation below compares the costs of the existing plant facilities in Grizzly Park Unit No. 1, as stated in amended Application No. 48352, and as determined by the staff.

Utility Plant Grizzly Park Unit No. 1

:No.:	Title	:Per Application No.48352 Amd.:			Per Staff		
		:By Assess-	:By Appli-	:Total	:By Assess-	:By Appli-	:Total
		ment Bonds:	cants		ment Bonds:	cants	
301	Intangible Plant	\$ -	\$1,250	\$ 1,250	\$ -	\$1,250	\$ 1,250
306	Land	-	3,500	3,500	-	1,000	1,000
315	Wells	-	1,550	1,550	-	-	-
317	Other Source of Supply Plant	3,100	685	3,785	2,530	685	3,215
324	Pumping Equipment	3,720	-	3,720	3,035	-	3,035
332	Water Treatment Equipment	6,903	-	6,903	5,633	-	5,633
342	Reservoirs & Tanks	19,050	-	19,050	15,543	-	15,543
343	Water Mains	49,848	-	49,848	40,679	-	40,679
345	Services	8,275	-	8,275	6,753	-	6,753
348	Hydrants	3,988	-	3,988	3,255	-	3,255
371	Structures	1,760	-	1,760	1,437	-	1,437
	Total	96,644	6,985	103,629	78,865	2,935	81,800

Applicants' total cost figure exceeds that of the staff by \$21,829.

This difference arises in the costs relating to land and a well financed by applicants and in the cost of water facilities financed by assessment bonds. The staff figures for the cost of plant financed by assessment bonds were determined by examination of records of El Dorado County. The remaining staff cost figures were determined by examination of available invoices and by estimates of original costs. Applicants' amount for land is fair market value,

whereas, the staff's determination was based on estimates of original cost to applicants. The staff has not included the cost of drilling the well in Unit No. 1 since no pumping equipment is installed and the well is not connected to the water system. Further, applicants have not tested the yield of the well. Until such time as applicants can demonstrate that this well is productive its cost should not be included in utility plant in service. The staff's cost figure for plant facilities financed by assessment bonds does not include legal and incidental costs, but it does include \$500 of the engineering costs applicable to construction of the system. The staff did not include legal and incidental costs, in utility plant since these costs relate to financing rather than to construction.

Applicants estimate that utility plant for Unit No. 2 will cost about \$66,550. This includes \$600 for organization costs which may not be appropriate since this unit will now be a noncontiguous extension of the existing Grizzly Park Water Company. Over 90 percent of the plant is proposed to be financed through assessment bonds. None of these facilities had been installed as of the end of September 1966.

The company has entered into an agreement with the County of El Dorado to receive title to the water facilities in Grizzly Park Unit No. 1 for a consideration of one dollar. As of the date of this investigation, title to these facilities had not been transferred. A resolution initiated by the El Dorado County Board of Supervisors is required in this regard.

Assessment bond proceedings are currently in progress with respect to providing the financing for the installation of the major portion of water facilities in Grizzly Park Unit No. 2. As of the

date of this investigation, the bonds had not been issued nor had bids been submitted for the installation of water facilities.

A financial statement of applicants Thomas H. Porter and Peggy A. Porter, as of February 28, 1966, Exhibit E to the original application (No. 48352), shows net worth of \$602,500 and total assets of \$902,700, including \$34,700 of cash items. The major portion of the remaining assets consists of land investment at market value. Based upon the above-described financial position, the staff does not question applicants' financial ability to undertake service in the proposed areas for which a certificate is being requested.

Applicants have applied to the county health department for a water supply permit for each system.

Application No. 48352, as amended, asks for authority to apply the requested rates in both systems. The requested annual flat rate is \$48 for a single-family residential unit and \$24 for each additional single-family residential unit on the same premises and served from the same service connection. The annual meter minimum requested is \$39 for a 5/8 by 3/4-inch meter. Applicants have on file a \$2 per month fire hydrant service rate for Unit No. 1.

Although the minimum meter charges requested are less than those originally proposed, the higher quantity charges will result in higher charges for any customers with 5/8 by 3/4-inch meters who use in excess of 833 cubic feet of water monthly. The flat rates requested are about 16 percent lower than those originally proposed. Since applicants propose to supply water under their flat rates they are in effect requesting a reduction in the rates presently authorized for the Grizzly Park Water Company.

The Commission finds and concludes that public hearing is not necessary. The application of Lloyd A. Jones to convey his public utility interest in the Grizzly Park Water Company to Thomas H. Porter and/or Mrs. Peggy A. Porter is not adverse to public interest. The future installation of Class 100 asbestos-cement pipe should be authorized conditional to the pipe being properly installed under competent engineering supervision.

O R D E R

IT IS ORDERED that:

1. Lloyd A. Jones is authorized to convey his public utility interest in the Grizzly Park Water Company to Thomas H. porter and/or Peggy A. Porter within one year after the effective date of this order. Within thirty days after the conveyance of the interest applicants shall notify this Commission in writing of the conveyance.
2. A certificate of public convenience and necessity is granted to Thomas H. Porter and Peggy A. Porter to construct a noncontiguous water system to serve Grizzly Park Unit No. 2 development containing 72 acres as shown on the map filed as Exhibit A attached to the application.
3. Applicants are authorized to install Class 100 asbestos-cement pipe provided that before such pipe is placed in service a qualified engineer shall certify in writing to this Commission that the pipe was selected and installed in accordance with the standards contained in American Water Works Association publications AWWA H2 and AWWA C603-64T and that suitable pressure-regulating valves backed up by pressure-relief valves were installed where necessary.

4. In financing the initial development in Unit No. 1 and the noncontiguous extension for Unit No. 2, applicants are authorized to deviate from their filed main extension rule by using assessment bond financing.

5. Within thirty days after the effective date of this order, applicants shall file the rates set forth in Appendix A attached to this order. Such rates shall become effective on the fourth day after the date of filing. On the effective date of these rates, Schedules Nos. 1A, 2AR and 5 of Grizzly Park Water Company shall be canceled.

6. Within ten days after the date service is first rendered to the public in Grizzly Park No. 2 Development under authority granted herein, applicants shall submit written notice thereof to this Commission.

7. Applicants shall prepare and keep current the system maps required by Paragraph I.10.a of General Order No. 103. Within thirty days after each water system is placed in operation under the authority granted herein, applicants shall file with the Commission two copies of the map.

8. Applicants shall set up formal books of account in accordance with the prescribed Uniform System of Accounts for Class D Water Utilities.

9. When title is obtained to facilities in Grizzly Park No. 1, applicants shall record in the appropriate utility plant accounts the amounts determined by the staff in the tabulation of Exhibit No. 2 with contra credits to the Contributions in Aid of Construction Account for the amount financed by assessment bonds and to partners' capital accounts for the amount financed by applicants.

10. Applicants shall record in the books of account the actual costs for the installation of water facilities in Grizzly Park No. 2, when known, with concurrent credits to Contributions in Aid of Construction and partners' capital accounts in a manner consistent with the staff's recommendation for recording the costs of water facilities in Unit No. 1.

11. The cost of drilling the well in Unit No. 1 shall not be charged to the water plant in service until the applicants demonstrate to the satisfaction of this Commission that the well is productive, that the water is of suitable water quality, and the well has been physically connected to the water system.

The certificates and authorizations hereinabove granted 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 San Francisco, California, this 24th day of JANUARY, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner WILLIAM SYMONS, JR. did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The areas known as Grizzly Park Developments Nos. 1 and 2, located near Grizzly Flats, El Dorado County, about 22 miles east-southeasterly of Placerville in El Dorado County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:		
First	500 cu.ft. or less	\$ 3.25
Next	1,000 cu.ft., per 100 cu.ft.30
Next	4,500 cu.ft., per 100 cu.ft.25
Over	6,000 cu.ft., per 100 cu.ft.20
		<u>Per Meter</u> <u>Per Year</u>
Annual Minimum Charge:		
For	5/8 x 3/4-inch meter	\$ 39.00
For	3/4-inch meter	48.00
For	1-inch meter	66.00
For	1 1/2-inch meter	108.00
For	2-inch meter	144.00

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.

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Schedule No. 2AR
ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The areas known as Grizzly Park Developments Nos. 1 and 2, located near Grizzly Flats, El Dorado County, about 22 miles east-southeasterly of Placerville in El Dorado County.

RATES

	<u>Per Service Connection Per Year</u>
For a single-family residential unit, including premises	\$48.00
For each additional single-family residential unit on the same premises and served from the same service connection	24.00

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4 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)

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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 prorated 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, organized fire districts and other political subdivisions of the State.

TERRITORY

The areas known as Grizzly Park Developments Nos. 1 and 2, located near Grizzly Flats, El Dorado County, about 22 miles east-southeasterly of Placerville in El Dorado County.

RATE

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

SPECIAL CONDITIONS

1. Water delivered for purposes other than fire protection shall be charged for at the quantity rates in Schedule No. 1, General Metered Service.
2. The cost of relocation of any hydrant shall be paid by the party requesting relocation.
3. Hydrants shall be connected to the utility's system upon receipt of written request from a public authority. The written request shall designate the specific location of each hydrant and, where appropriate, the ownership, type and size.
4. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.