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ORIGINAL

Decision No. 72263

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of GLEN RIDGE WATER COMPANY, a)
corporation, for an order authoriz-)
ing the issuance of stock, for a)
certificate of public convenience)
and necessity to acquire and main-)
tain a water system, and for an)
order fixing water rates.)

Application No. 48560
(Filed June 17, 1966,
Amended November 1, 1966)

O P I N I O N

Applicant seeks a water certificate and authority to issue stock. The affected property is located in the south half of Section 20, Township 14 North, Range 17 East M. D. B. & M. It is in an unincorporated area of El Dorado County near Meeks Bay of Lake Tahoe, State Highway sign route 89 and the Placer County Boundary Line. A study, based on this application, interviews with applicant's representatives and a field investigation, will be received as Exhibit No. 1. It was jointly prepared by an engineer of the Commission's Utilities Division, Hydraulic Branch and a financial examiner of the Finance and Accounts Division.

The developers control about 117 acres. Unit No. 1 consists of approximately 23 acres divided into 39 lots. Elevations in this unit vary from 6,340 to 6,460 feet above sea level.

The developers have drilled at least 4 wells. Only one has proved productive. It can produce 25 to 30 gallons per minute. An 84,000 gallon storage tank, at an elevation of 6,550 feet is planned to be located 1,350 feet west of Unit No. 1. Water will be pumped into the distribution system and aforementioned tank. Pressures in Unit No. 1 are expected to range from 35 to 90 psi.

The distribution system is designed to consist of 6,500 feet of 6-inch, 12-gauge, dipped and wrapped steel pipe. Double services will utilize 1-inch pipe and single services 3/4-inch pipe.

The staff were of the opinion that the design conforms to General Order No. 103.

Applicant wishes to issue 776 shares of its \$100 par value capital stock. To justify this, applicant presented a summary of plant cost adding up to \$74,600. The staff made three adjustments to this summary. The developers wanted \$17,600 for their three dry wells. The staff excluded this because it does not relate to plant used or useful in the public service by applicant. Applicant made its estimate of wells and pumping equipment before the well capacity was known. The staff reduced the figure for the successful well from \$8,500 to \$7,260, a reduction of \$1,240. The staff figure was reached after the well contractors' invoices were available and is, of course, much more accurate. The pump figure was reduced from \$6,500 to \$1,800, a reduction of \$4,700. Here again the staff developed its figure after the well was tested, and is therefore also more accurate. The staff figure for plant costs is \$51,060 and this will be adopted. The indicated number of shares is 511.

The applicant's three proposed stockholders (all of whom are also Directors of applicant) are aware that, in the earlier stages of development, applicant must operate at a loss. The stockholders expressed their willingness to absorb these losses. This agreement should be reduced to writing.

The rates proposed by applicant are only 50 cents per month higher than other rates authorized in the Tahoe area. The staff did not disapprove them, but did bring them into conformity with Commission tariff design.

The Commission finds that:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. Applicant and its stockholders possess the financial resources to operate the proposed system.
3. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.
4. Applicant's water supply and distribution facilities will provide reasonable service for the proposed certificated area and substantially meet the requirements of General Order No. 103.
5. Applicant has not yet procured a permit from the public health authority having jurisdiction.
6. It is reasonable for applicant to issue 511 shares of its \$100 par value common capital stock for the water system described in the foregoing opinion.
7. 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.

The Commission concludes that the sought certificate should be granted and the issuance of stock authorized subject to the terms and conditions imposed by the following order.

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 authorization 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 proceedings for the determination of just and reasonable rates.

A public hearing is not necessary.

It is concluded that the application should be granted as provided by the following order.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Glen Ridge Water Company, a corporation, authorizing it to construct a public utility water system to serve Unit No. 1 of the subdivision known as Glenridge Park in El Dorado County, as delineated on the map, Exhibit D, attached to the application herein.
2. Applicant is authorized to file, after the effective date of this order, the schedules of rates set forth in Appendix A to this order, a tariff service area map 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.
3. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

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

5. Applicant shall prepare and keep current the system map required by paragraph I.10.a of General Order No. 103. Within sixty days after the water system is placed in operation under the authority granted herein, applicant shall file with the Commission two copies of the map.

6. Prior to the date service is first furnished to the public under the authority granted herein, applicant shall apply to the appropriate public health authority having jurisdiction for a water supply permit for the proposed system. A copy of the application shall be filed with the Commission within ten days thereafter.

7. For the year 1967, applicant shall apply a depreciation rate of 3.0 per cent to the original cost of depreciable plant. Until review indicates otherwise, applicant shall continue to use this rate. Applicant shall review the 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 plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

8. Applicant, on or after the effective date hereof and on or before December 31, 1967, may issue and sell not to exceed 511 shares of its \$100 par value common stock at a price of \$100 per share for the purposes specified in this proceeding.

9. 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.

10. Applicant shall record in its utility plant accounts the staff adopted balances for Land and Wells as set forth in paragraph 9 of Exhibit No. 1 and shall record in the remaining plant accounts the actual original costs properly chargeable thereto when such costs become known.

11. The effective date of this order shall be established by supplemental order herein after the proposed stockholders have filed a written agreement to provide for a period of five years additional funds as required until applicant's income is adequate to cover all out-of-pocket operating expenditures.

Dated at San Francisco, California, this 11th
day of APRIL, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Glenridge Park Subdivision, and vicinity, located about one-fourth mile north of Meeks Bay, El Dorado County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:		
First	800 cu.ft. or less	\$ 6.00
Next	1,200 cu.ft., per 100 cu.ft.40
Next	3,000 cu.ft., per 100 cu.ft.35
Next	5,000 cu.ft., per 100 cu.ft.30
Over	10,000 cu.ft., per 100 cu.ft.25
		<u>Per Meter</u> <u>Per Year</u>

Annual Minimum Charges:

For	5/8 x 3/4-inch meter	\$ 72
For	3/4-inch meter	84
For	1-inch meter	120
For	1 1/2-inch meter	180
For	2-inch meter	300

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. 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 SERVICE

APPLICABILITY

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

TERRITORY

Glenridge Park Subdivision, and vicinity, located about one-fourth mile north of Meeks Bay, El Dorado County.

RATES

	<u>Per Service Connection Per Year</u>
For a single-family residential unit, including premises	\$78
For each additional single-family residential unit on the same premises and served from the same service connection	65

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 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.

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

(Continued)

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Contd.

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

TERRITORY

Glenridge Park Subdivision, and vicinity, located about one-fourth mile north of Meeks Bay, El Dorado County.

RATE

	<u>Per Month</u>
For each hydrant	\$5.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1, General Metered Service.
2. Relocation of any hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrant 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.
4. 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.