

**ORIGINAL**Decision No. 73226

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of ELYWOOD WATER SUPPLY, )  
 a corporation, for a certificate to )  
 construct a public utility water sys- )  
 tem near Brown (Trinity Center) in )  
 Trinity County, and to establish rates )  
 for service and to issue stock. )

Application No. 49425  
 Filed June 2, 1967

O P I N I O N

This is an application by Elywood Water Supply which seeks a certificate of public convenience and necessity to construct and operate a public utility water system in an area of Trinity County known as the Treasure Creek Woods Subdivision.

The verified application avers that the area to be served by the proposed system consists of 27 acres of which 15.6 acres are presently divided into 18 homesites and 4 commercial lots, that the remaining 11.4 acres will be used for future development; that applicant's proposed principal shareholders are also the principal shareholders of the corporation which owns the land being subdivided; that the subdivision is planned to provide sites for homes to be used as all-year residences or as summer homes and that public utility telephone and electric service are available in the area. The application also avers that the system here under consideration exceeds in every respect the minimum requirements of General Order No. 103; that the system is of the circulating type; that its mains consist of 6-inch Johns Manville Transite pipe; that its customer service lines consist of 1-inch copper pipe; that applicant's source of water supply is a well which produces in excess of 400 gallons of

water per minute; that water would be pumped from the well by means of a 3-phase 7-1/2 horsepower electric submersible pump; that pressure will be maintained in the system by means of five 250-gallon pressure tanks; that a standby gas engine pump with a capacity of 350 gallons per minute has been installed and that applicant has been issued a water supply permit for its well. The application also seeks authority to establish requested rates and to issue stock. The system has been constructed by the corporation which owns the subdivision and applicant proposes to acquire it by issuing stock for the purchase thereof. A report by the Commission staff, hereinafter discussed, indicates that the original cost of plant as of June 30, 1967 was \$14,697.20.

The Commission staff made a field investigation in connection with this application. The staff report verifies substantially all of the allegations in the application. The report differed from the application in two principal respects: (1) It recommended a schedule of rates less than that requested by applicant, and (2) It recommended that applicant be authorized to issue a lesser amount of common stock than requested. On August 29, 1967, Examiner Jarvis, to whom the matter had been referred, opened the staff report to public inspection pursuant to General Order No. 66-B, made it a part of the file herein, and caused a copy to be served upon applicant. On September 11, 1967, applicant filed a written stipulation that the Commission could enter an order in this matter, without hearing, in accordance with the recommendations contained in the staff report.

The Commission makes the following findings and conclusions:

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Applicant possesses the financial resources to construct and operate the proposed water system.
3. Applicant's proposed water supply and distribution facilities will provide reasonable service for the proposed certificated area and meet the minimum requirements of General Order No. 103.
4. The rates recommended by the staff and set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.
5. Public convenience and necessity require that the proposed service be authorized.
6. The money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

Conclusions of Law

1. Applicant should be granted a certificate of public convenience and necessity to construct and operate a public utility water system as set forth in the ensuing order.
2. Applicant should be authorized to charge the rates set forth in Appendix A attached hereto.
3. Applicant should be authorized to issue 147 shares of its \$100 par value common stock, as recommended by the staff.
4. The certificate of public convenience and necessity issued herein is 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 or to a political subdivision thereof as the consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is hereby granted to Elywood Water Supply, a California corporation, authorizing it to construct and operate a public utility water system to serve the Treasure Creek Woods Subdivision and four occupied parcels of land contiguous to the southern boundary thereof, located in Trinity County, which area is more particularly described in Exhibit D in Application No. 49425 and by this reference made a part hereof.

2. Applicant is authorized to file, after the effective date of this order, in conformity with the provisions of General Order No. 96-A, the schedule of rates and charges set forth in Appendix A attached to this order together with its rules governing service to customers, a tariff service area map indicating the boundaries of the certificated service area and sample copies of printed forms normally used in dealing with customers. Said rates, rules, tariff service area map and forms shall become effective on the fourth day after the date of filing.

3. Applicant shall notify this Commission in writing of the date service is first furnished to the public under the rates and rules authorized herein, within ten days thereafter.

4. Within one year after the effective date of this order, applicant may issue not exceeding 147 shares of its \$100 par value common stock for the purpose specified in this proceeding.

5. 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.

6. 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.

7. Applicant shall record in its plant accounts the balances set forth in paragraph 15 of the staff report, which has been made a part of the file in this proceeding.

8. Beginning with the year 1967, applicant shall determine depreciation accruals by multiplying the original cost of depreciable utility plant by a rate of three percent. This rate shall be used until review indicates that it should be revised. Applicant shall review the depreciation rate when major changes in utility plant composition occur and at intervals of not more than five years. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage value and the depreciation reserve from the original cost of plant, (2) dividing the result by the estimated remaining life of plant and (3) dividing the quotient by the original cost of plant. Results of these reviews shall be promptly submitted to the Commission.

9. The certificate herein granted and the authority to render service under the rates and rules authorized herein 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 OCTOBER, 1967.

[Signature] President  
[Signature]  
[Signature]  
William Lyons, Jr.  
[Signature] Commissioners

Schedule No. 1A

ANNUAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Treasure Creek Woods, and vicinity, located near the north end of Clair Engle Lake, Trinity County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:	
First 600 cu.ft. or less .....	\$ 6.00
Next 1,000 cu.ft., per 100 cu.ft. ....	.50
Next 1,400 cu.ft., per 100 cu.ft. ....	.30
Over 3,000 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 .....	\$ 72.00
For 3/4-inch meter .....	90.00
For 1-inch meter .....	132.00
For 1 1/2-inch meter .....	192.00
For 2-inch meter .....	240.00
For 3-inch meter .....	360.00
For 4-inch meter .....	540.00

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.

Schedule No. 1A

ANNUAL 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 except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

2. The opening bill for metered service, except upon conversion 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. 2A

ANNUAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Treasure Creek Woods and vicinity, located near the north end of Clair Engle Lake, Trinity County.

RATES

	<u>Per Service Connection</u> <u>Per Year</u>
A. For a single-family residential unit, including premises .....	\$96.00
For each additional single-family residential unit on the same premises and served from the same service connection .....	48.00
B. For each Hotel, Apartment or Motel including first unit .....	96.00
For each additional unit .....	48.00

SPECIAL CONDITIONS

1. The above residential flat rates apply to a service connection not larger than one inch in diameter.

2. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual 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. 2A

ANNUAL FLAT RATE SERVICE

SPECIAL CONDITIONS—Contd.

3. 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.

4. 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

Treasure Creek Woods and vicinity, located near the north end of Clair Engle Lake, Trinity 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. 1A, Annual 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.