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Decision No. 75866

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CRYSTAL FALLS WATER COMPANY, a
California corporation, for a Certificate
of Public Convenience and Necessity to
Acquire the Willow Springs Ranch Mutual
Water Company and to Operate it as a
Public Utility Water System Approximately
One-Half Mile North of Soulsbyville,
Tuolumne County, California, and to
Establish Rates for this New Service.

Application No. 50480
(Filed August 14, 1968)

William Walters, for applicant.
Robert B. Bates, for Brentwood Park Water Co.,
interested party.
John Gibbons and Sam E. Winegar, for the
Commission staff.

C P I N I O N

Crystal Falls Water Company (hereinafter at times referred to as Crystal), presently operating a public utility water system near Soulsbyville, Tuolumne County, requests authority to acquire an adjacent water system owned and operated by the Willow Springs Ranch Mutual Water Company (hereinafter at times referred to as Willow).

A public hearing was held before Examiner Daly on May 21, 1969 at Sonora.

Crystal commenced operating in September 1968 and as of December 31, 1968 was serving 15 customers in a service area consisting of 348 lots.

Willow is a mutually owned and operated water system having commenced operations in 1966. The service area consists of 497 lots. There are 88 active customers who pay a flat rate of \$3 per month. Owners of the unimproved lots pay a one dollar per

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month service charge. All of the lots within the system have been sold. Water is purchased from the Pacific Gas and Electric Company and is delivered from the Soulsbyville Ditch. It is piped to a 10,000-gallon redwood sedimentation tank, from whence it is filtered and stored in a 50,000-gallon redwood tank.

The members of Willow have approved the transfer to Crystal assertedly because they desire to be relieved of the responsibilities of operating and maintaining the existing system and because they prefer the service of a regulated public utility. The Willow system which was constructed at a cost of \$160,704 will be donated to Crystal; however, improvements in the amount of \$23,925 will be made by Crystal to bring the system up to Commission requirements. Using the recorded items comprising Crystal's rate base plus the proposed \$23,925 of plant improvement financed by equity capital attributable to the Willow system, it is estimated that the total rate base for Crystal would be \$60,742.

Although Crystal requested authority to apply both its flat and meter rates in the Willow area, it proposes to meter all water service in the Willow area in conformity with the transfer agreement. It appears reasonable that customers of Willow be required to pay the same rates as presently paid by Crystal customers.

After consideration the Commission finds that public convenience and necessity require the granting of the application.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Crystal Falls Water Company authorizing it to acquire and operate the public utility water system of Willow Springs Ranch Mutual Water Company located one-half mile north of Soulsbyville, Tuolumne County.

2. After the effective date of this order, applicant is authorized to make applicable its filed tariffs and to file a tariff service area map clearly indicating the boundaries of the certificated area. Such filing shall comply with General Order No. 96-A. The tariff schedules shall become effective in the Willow area on the fourth day after the date of filing which day shall be the day of acquisition.

3.a. Exercise by applicant of the authority granted by 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.

b. Within ten days after service is first furnished to the public under the authority granted herein, applicant shall file in this proceeding written notice thereof.

4. Applicant shall prepare and keep current the system map required by Paragraph I.10.a. of General Order No. 103. Within 180 days after the water system is placed in operation under the authority granted herein, applicant shall file with this Commission two copies of such map.

5. Applicant shall record in its books of account the utility plant account balances of Willow Springs Ranch Mutual Water Company as determined by the staff as of December 4, 1968 as set forth in the tabulation contained in Table No. 1 of the staff report, Exhibit No. 1.

6. For the year 1969, applicant shall apply a depreciation rate of 3.0 percent to the original cost of the proposed improvements to the plant of Willow Springs Ranch Mutual Water Company. 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 improvements to plant; (2) dividing the result by the estimated remaining life of the improvements; and (3) dividing the quotient by the original cost of said improvements. The results of each review shall be submitted promptly to the Commission.

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

Dated at San Francisco, California, this 15th day of JULY, 1969.

William J. Lyons
President

Robert D. Monsey

W. F. Brown

T. M. Brown

T. M. Brown
Commissioners