

ORIGINAL

Decision No. 48823

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PORT WATER COMPANY, a corporation,)
for (1) An order authorizing the)
issuance of stock to its incorpora-)
tors; (2) For an order authorizing)
payment of costs and expenses out)
of proceeds from sale of stock;)
(3) For a certificate of public)
convenience and necessity to oper-)
ate a water system to furnish water)
to the public; (4) For an order)
approving contract for purchase of)
water system; (5) For an order)
establishing and approving rates)
for service.)

Application No. 34305
(Amended)

Stanley W. Reckers, for applicant.
John Donovan and Clyde F. Norris,
for the Commission's staff.

O P I N I O N

Nature of Proceeding

Port Water Company, a corporation, seeks a certificate of public convenience and necessity to operate a public utility water system in Arlington Oaks Subdivision, Units One and Two, and adjacent territory in Yolo County. Authority is also requested to issue and to execute a promissory note secured by a deed of trust and mortgage of chattels and to use the proceeds to pay expenses of organization and to acquire properties. (Exhibit 4 - filed after the hearing pursuant to order made thereat.) Applicant also seeks authority to file rates, rules and regulations for water service.

Public Hearing

A public hearing was held, after due notice, at Sacramento on June 25, 1953, before Examiner Gregory.

Description of Properties Involved

The two parcels initially to be served form a portion of a larger tract, in Yolo County, described as follows:

The area bounded on the North by the South side of the Sacramento-Yolo Port District barge canal right-of-way line running from the West boundary of Jefferson Boulevard Easterly to the center of the West levee of the Sacramento River, thence Southerly following the center line of the West levee of the Sacramento River to a point where that line intersects with the South boundary of Linden Road, thence Westerly on the South boundary line of Linden Road intersection of Linden Road and Jefferson Boulevard, thence Northerly on the West line of Jefferson Boulevard right-of-way to the point of beginning.

There are 99 consumers in Unit One. With final development of Unit Two the company expects to serve approximately 215 customers in both units.

The system, as presently installed, consists of the following items:

<u>ITEM</u>	<u>COST</u>
Cased 12-inch well, 244 ft. deep	\$ 2,967.00
Byron Jackson 25 hp pump	2,192.02
5,000-gallon hydro pneumatic tank	909.36
Pumphouse	400.00
Land (1)	750.00
Distribution system	<u>31,194.38</u>
Total	\$38,412.76

(1) The distribution system consists of:

<u>Transite Pipe Mains</u>	<u>Services</u>	<u>Gate Valves</u>
4,290 ft. - 8 in.	2,850 ft. - 1 in. plastic	9 - 8 in.
3,270 ft. - 6 in.	2,100 ft. - 1 in. galvanized	8 - 6 in.
1,050 ft. - 4 in.		2 - 4 in.

The record establishes that the water is considered to be potable and that necessary county franchises or permits to use public streets and roads in the two units are in process of being obtained. The system appears to be adequate for the purpose of supplying water in the two initial units of the tract.

Rates, Estimated Revenues and Expenses

Applicant proposes to charge a flat rate of \$3 per month for a single family dwelling on lots of 6,500 square feet or less and \$2 per month for each additional dwelling served from the same connection. The fire hydrant rate is \$1.50 per month for each hydrant. Meters may be installed at the option of the utility or the consumer. The basic minimum charge for metered service is \$2.50 per month for a 5/8 x 3/4-inch meter, which will entitle the consumer to receive up to 700 cubic feet of water. For the next 1,300 cubic feet the quantity rate is 20 cents per 100 cubic feet. Quantity rates then range downward to 7½ cents per 100 cubic feet for amounts in excess of 150,000 cubic feet per month. Service is expected to be furnished initially under flat rates.

Revenues, on the basis of the foregoing rates, are estimated at \$645 per month and expenses, including depreciation at \$75 per month, are estimated to be approximately \$563 per month.

Stock and Note Issues

Applicant's articles of incorporation, filed with the Secretary of State November 24, 1952, provide for a capital structure which consists of 10,000 shares of capital stock having a par value of \$10 per share and an aggregate par value of \$100,000. Applicant proposes to issue 25 shares of capital stock to its president and 125 shares to its vice president, for cash at \$10 per share, and to apply the proceeds in payment of obligations incurred in connection with the organization of the corporation. An additional 90 shares

of stock is proposed to be issued at par to John A. Fulton, secretary of the corporation, in cancellation of the corporation's indebtedness to him of \$900 for certain expenses incurred in connection with installation of the water system.

Payment to the subdividers, Turner and Williams, of the sum of \$38,412.76 for the water system will be evidenced by the issuance to them of 1,500 shares of stock, at \$10 per share or an aggregate par value of \$15,000, and a promissory note, without interest, for the balance of \$23,412.76. The note is payable in semiannual payments of not to exceed \$600, and is to be secured by a deed of trust and a mortgage of chattels on the plant and equipment.

Conclusions

We conclude, from the evidence of record, that applicant should be granted the requested certificate and that it should be authorized to issue the shares of stock and promissory note for the purposes hereinabove mentioned.

The rates proposed by applicant have been modified to provide rates more nearly comparable with those authorized by this Commission for other water utilities rendering service generally under similar conditions. The rates set forth in Exhibit A are hereby found to be reasonable and will be authorized.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

That 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.

O R D E R

The above-entitled application having been considered, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the construction and operation of a public utility water system by Port Water Company, a corporation, in the unincorporated area in Yolo County, California, set forth on a map marked Exhibit 3 in this proceeding; therefore,

IT IS HEREBY ORDERED:

(1) That a certificate of public convenience and necessity be and it is hereby granted to Port Water Company, a corporation, to construct and operate a public utility water system for the distribution and sale of water within the territory hereinbefore described.

(2) That applicant shall:

- (a) File the rates set forth in Exhibit A attached to this order, to be effective on or before the date service is rendered to the public, together with rules and regulations and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
- (b) Notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.
- (c) File within forty days after the system is placed in operation four copies of a comprehensive map, drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of the various properties of applicant.

(3) Applicant, after the effective date hereof and on or before October 1, 1953, may issue and sell at not less than \$10 per share 1,740 shares of its capital stock and use the proceeds for the purposes set forth in the foregoing opinion, and may also

issue its promissory note in the amount of \$23,412.76 to Arthur F. ✓
Turner and Eugene L. Williams in, or substantially in, the form set ✓
forth in Exhibit 4 of the amended application herein, in partial ✓
payment for the water system and properties described in a deed, a
copy of which appears as Exhibit "D" of said amended application,
it being hereby found that the money, property, or labor to be
procured or paid for by the issuance of said stock and promissory
note is reasonably required by the Port Water Company for the pur-
poses herein stated, which purposes are not in whole or in part
reasonably chargeable to operating expenses or to income. Applicant
may execute a deed of trust and mortgage of chattels in, or sub-
stantially in, the same form as that on file in this proceeding
as security for the note.

(4) Applicant, on or before November 2, 1953, shall file
with the Commission a statement showing the number of shares of
stock sold under the authority herein granted, the names of the
persons to whom said shares were sold and the number sold to each,
and the use to which the proceeds of the sale of such stock has been
put. The provisions of the Commission's General Order No. 24-A,
relating to the filing of monthly reports showing, among other
things, receipts and disbursements from the sale of stocks and other
evidences of indebtedness of public utilities, are, so far as
applicable, hereby incorporated in this order as though fully set
forth herein.

IT IS HEREBY FURTHER ORDERED that this order will become effective when applicant has paid the minimum fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 14th day of July, 1953.

A. J. Anderson
President
Justus F. Cisneros
Harold H. Hils
John E. Mitchell

Commissioners

Commissioner KENNETH POTTER, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
1428
JUL 17 1953
25th
By M. Battaglia

EXHIBIT A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In the unincorporated area lying generally south of the community of West Sacramento, Yolo County.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 700 cu.ft. or less	\$2.50
Next 4,300 cu.ft., per 100 cu.ft.20
Next 10,000 cu.ft., per 100 cu.ft.15
Over 15,000 cu.ft., per 100 cu.ft.10
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 2.50
For 1-inch meter	4.00
For 1-1/2-inch meter	7.00
For 2-inch meter	11.00
For 3-inch meter	20.00
For 4-inch meter	40.00
For 6-inch meter	75.00

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

EXHIBIT A
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Schedule No. 2

RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all residential flat rate water service.

TERRITORY

In the unincorporated area lying generally south of the community of West Sacramento, Yolo County.

RATES

	<u>Per Service per Month</u>
For each residence, including a lot having an area of:	
7,500 sq.ft. or less	\$3.00
7,501 to 9,000 sq.ft.	3.25
9,001 to 10,500 sq.ft.	3.50
10,501 to 12,000 sq.ft.	3.75
Over 12,000 sq.ft., each additional 3,000 sq.ft. or fraction thereof50
For each additional residence on the same lot receiving service through the same service connection	2.00

SPECIAL CONDITIONS

- Charges for flat rate service payable in advance.
- All service not covered by the above classifications will be furnished only on a metered basis.
- Meters may be installed at option of utility or customer for above classification in which event service thereafter will be rendered on the basis of Schedule No. 1, General Metered Service, and must be continued for not less than 12 months before it may again be changed to flat rate service.

Schedule No. 3

FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to service to all publicly owned and utility owned fire hydrants which are attached to the utility's distribution mains for fire protection service.

TERRITORY

In the unincorporated area lying generally south of the community of West Sacramento, Yolo County.

RATE

	Per Month	
	Publicly Owned	Utility Owned
For each fire hydrant	\$1.00	\$1.50

SPECIAL CONDITIONS

1. The above rates include use of water for fire fighting and for no other purpose. Quantities of water delivered through fire hydrants for any other purpose will be estimated or measured and charges therefor will be at general metered service rates.

2. 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.