

ORIGINALDecision No. 49450

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of FIGARDEN ESTATES
 WATER CO., a corporation, to
 acquire and operate a water system,
 for order approving rates, and for
 authority to issue stock in
 exchange for cash and the said
 water system.

Application No. 34777
 (Amended)

Frank C. Lerrigo, for applicant.
W. B. Stradley, for the Commission staff.

O P I N I O NNature of Proceeding

Figarden Estates Water Co., a corporation, seeks a certificate of public convenience and necessity to operate a public utility water system in Tract No. 1268, Figarden Estates No. 2, in Fresno County. Authority is requested to issue and sell capital stock and to use the proceeds for organization expense and acquisition of properties. Applicant further requests authority to file rates for water service.

Public Hearing

A public hearing was held before Examiner Silverhart at Fresno on December 3, 1953, at which time the application, which was not opposed, was submitted.

Proposed Service Area and Water System

Tract No. 1268 contains 40 residential building lots and is located approximately 3 miles north of the north boundary of the City of Fresno. A map attached to the application sets forth the boundaries of said tract, the dimensions of the lots, the easements and rights of way for utilities and the location of pump,

well, tank and water mains. At the present time 7 houses have been erected in the tract.

A 12-inch cased well 190 feet deep is located in the west 40 feet of Lot 5. The well is equipped with a 15-hp electric motor directly connected to a deep-well turbine pump capable of producing 325 gallons of water per minute against normal system pressure. Water from the well is pumped into a 3,000-gallon capacity pressure tank, adjusted to deliver 60 pounds per square inch pressure into the distribution system. The distribution system consists of 1,605 feet of 6-inch and 1,875 feet of 4-inch dipped and wrapped 10-gauge welded steel pipe and 650 feet of 2-inch galvanized pipe. Applicant plans to install a standby well 12 inches in diameter, equipped with a 10-hp electric motor and pump, at such time as 10 houses have been erected and occupied, or by June 30, 1954, whichever is the later.

The cost of the system as presently installed is reported as follows:

Intangible Capital	\$ 633.45
Land	1,200.00
Source of Water Supply and Pumping Station Equipment	4,498.37
Transmission and Distribution Capital	9,795.84
Total Installed Capital	<u>\$16,127.66</u>

The cost of the contemplated addition is estimated by applicant as follows:

Organization and Miscellaneous Expenses	\$ 750.00
Well	1,112.92
Pumping Equipment	2,100.00
Meters and Meter Boxes	1,542.58
Total	<u>\$5,505.50</u>

Tract 1268 is owned by Fresno Investment Company, as is the presently installed water system, the cost of which has been fully paid by such company.

The record indicates that a county franchise or permit is not presently required. It appears that there is no other public water supply immediately available to serve the proposed area.

Rates, Estimated Revenues and Expenses

Applicant proposes to charge a flat rate of \$8.33 per month and metered rates as follows:

Quantity Rates:

First	1,000 cu.ft. or less	.....	\$2.50
Next	4,000 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	3/4-inch meter	.....	3.75
For	1-inch meter	.....	5.00
For	1-1/2-inch meter	.....	7.00
For	2-inch meter	.....	10.00
For	3-inch meter	.....	15.00
For	4-inch meter	.....	25.00

Applicant estimated revenues at \$4,000 per year and expenses, including depreciation, at \$4,287 per year.

Stock Issue

Applicant's articles of incorporation, filed with the Secretary of State September 30, 1953, provide for a capital structure which consists of 5,000 shares of capital stock having a par value of \$10 per share and an aggregate par value of \$50,000. Applicant proposes to issue 550 shares of capital stock to Fresno Investment Company for cash at \$10 per share in order to obtain cash for operating capital and future requirements. An additional 1,550 shares of stock is proposed to be issued at par to Fresno Investment Company in payment of the sum of \$15,494.21 for the transfer of the water system together with the west 40 feet of Lot 5, of Figarden Estates No. 2, Tract No. 1268, and easements

appurtenant thereto. Contemporaneously therewith Fresno Investment Company will deliver \$5.79 in cash to applicant.

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 for the purposes hereinabove mentioned.

The flat rate proposed by applicant has been slightly reduced to the extent indicated by Appendix A attached to the following order. The rates set forth in such Appendix 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 applicant in Tract No. 1268, Figarden Estates No. 2, Fresno County, California, which area is delineated on a map attached to the application as Exhibit 1; therefore,

IT IS HEREBY ORDERED:

1. That a certificate of public convenience and necessity be and it is hereby granted to Figarden Estates Water Co., 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 in quadruplicate the rates set forth in Appendix 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. 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 100 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.
- c. Notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.

3. Applicant, after the effective date hereof and on or before July 1, 1954, may issue and sell, at not less than \$10 per share, 2,100 shares of its capital stock for the purposes set forth in the foregoing opinion, it being hereby found that the money, property or labor to be procured or paid for by the issuance of such stock is reasonably required by Figarden Estates Water Co. for the purposes herein stated, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

4. Applicant shall file with the Commission monthly reports as required by the Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that this order will become effective twenty days after the date hereof.

The authorization herein granted will expire if not exercised within one year from the effective date hereof.

Dated at SAN FRANCISCO, California, this 21st day of December, 1953

R. Z. [Signature]
President
Justin F. [Signature]
[Signature]
[Signature]
Gene [Signature]
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In the unincorporated area known as Tract No. 1268, Figarden Estates No. 2, three miles north of the City of Fresno, Fresno County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less	\$ 2.50
Next 4,000 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 3/4-inch meter	3.75
For 1-inch meter.....	5.00
For 1-1/2-inch meter.....	7.00
For 2-inch meter	10.00
For 3-inch meter	15.00
For 4-inch meter	25.00

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

APPENDIX A
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Schedule No. 2

FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service rendered on a flat rate basis.

TERRITORY

In the unincorporated area known as Tract No. 1268, Figarden Estates No. 2, three miles north of the City of Fresno, Fresno County.

RATES

	<u>Per Month</u>
For each 1-inch service connection	\$8.00

SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished on a metered basis.
2. Meters may be installed at option of utility or consumer for above classification, in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.