

ORIGINAL

Decision No. 49842

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PARKWAY WATER CO.,)
 a California corporation, for a)
 Certificate of Convenience and)
 Necessity to construct and oper-)
 ate a water distribution system)

and)

Application of PARKWAY WATER CO.,)
 a California corporation, for)
 authority to issue and sell its)
 capital stock.)

Application No. 35057

W. P. Dwyer, Jr., attorney, for applicant.
Philip F. Walsh, for Southern California
 Water Company, interested party.
W. B. Stradley, for the Commission staff.

O P I N I O N

Parkway Water Co. (hereinafter called Water Company) has filed its application for a certificate of public convenience and necessity to construct and operate a public utility water system in a tract south of the City of Sacramento. It also seeks permission to issue \$45,000 worth of common stock divided into 4,500 shares of \$10 par value. A public hearing was held in Sacramento before Examiner Power on March 1, 1954. A representative from a neighboring public utility water company and a Commission staff engineer assisted in developing the record.

Evidence was given for applicant by its vice-president and the prospective manager of the system and for the nearby public utility by a vice-president and general superintendent. A report of a Commission staff engineer was received as Exhibit 8.

The Park Place Land Company (hereinafter called Land Company) acquired 621 acres of land on both sides of Florin Road,

apparently in 1953. The owners of Land Company also incorporated two other companies, Park Place, Inc. (hereinafter called Development Company) and the applicant. Four hundred ten acres of Land Company's tract lie south of Florin Road, 211 acres lie north of the avenue. The property is just east of Franklin Boulevard. This application covers only the property south of Florin Road.

The Development Company plans an ultimate total of about 2,200 homes. Three units, No. 1 of 116 lots, No. 2 of 42 lots and No. 3 of 56 lots are being developed at present and in the immediate future.

The well now developed is 14 inches in diameter to 153 feet, thence 12 inches to 310 feet. It is equipped with a deep well turbine pump directly connected to a 50 hp electric motor. This pump delivers water into a 5,000-gallon pressure tank set to maintain 35 to 55 pounds per square inch system pressures. The water level is 37 feet below ground. The pump has been tested and found to be capable of delivering approximately 800 gallons per minute against this pressure range. From the tank water will flow into the distribution system of Unit No. 1 presently consisting of 3,300 feet of 8-inch, 2,900 feet of 6-inch, 1,800 feet of 4-inch and 3,000 feet of 2-inch pipe, all cement-asbestos.

Another well is now under construction 1,500 feet southeast of the southwest corner of Parkway Estates Unit No. 1. Its dimensions are 14 inches diameter to 156 feet, thence 12 inches to 310 feet. This well is to have not only an electric motor but a 50 hp Diesel standby engine to operate the pump.

The applicant proposes to establish flat rates for residential consumers and metered rates for commercial establishments. The proposed rates are similar to those authorized by the Commission for

another utility in this general area. Applicant also requests authority to bill consumers on a bimonthly basis.

Water Company has procured a franchise under Ordinance No. 458 from the Board of Supervisors of the County of Sacramento. The franchise ordinance is annexed to the application as Exhibit C. Ordinance No. 458 contains a provision for payment to the County of 2 per cent of gross receipts arising from the "use, operation or possession" of the granted franchise after the first five years from the date of the grant. The cost of the franchise amounted to \$10 plus the cost of publication.

Southern California Water Company's South Sacramento District has its nearest installations 1½ miles north of Florin Road but its county franchise extends all the way south to that thoroughfare (Exhibit No. 6). It, therefore, is clear that the territory applied for by Water Company is open. Southern California Water Company did not protest the application.

In support of its request to issue stock the Water Company has indicated that it has made or soon will make the following expenditures:

Expended to date on plant	....	\$27,866.91
Organization	.....	1,500.00
Working Capital	.....	2,500.00
Extensions (estimated)	.....	<u>13,000.00</u>
Total	.....	\$44,866.91

Leveling and construction work are beginning in Units Nos. 2 and 3 of Parkway estates. Therefore, the extensions contemplated at present will begin shortly.

A certified copy of applicant's articles of incorporation was annexed to the application as Exhibit A. An analysis of the water produced by applicant's present well was received as a late-filed Exhibit (No. 5). It shows a tolerable degree of hardness.

A permit has been issued by the State Department of Public Health for this system.

Conclusion

Upon a review of this matter we are of the opinion that the money, property or labor to be procured or paid for by the issue of the shares of stock by Parkway Water Co. is reasonably required by said Parkway Water Co. for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The record shows that applicant has the requisite financial ability to develop the public utility water system as proposed.

The Commission has considered the request of applicant for a certificate of public convenience and necessity to construct and operate a public utility water system and to exercise the rights and privileges of a franchise granted by the County of Sacramento and is of the opinion that it should be granted.

The certificate issued herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the franchise involved herein or this certificate of public convenience and necessity or the right to own, operate or enjoy such franchise or 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 grant of such franchise, certificate of public convenience and necessity or right.

A considerable number of real estate transactions have been entered into which cannot be completed until a water utility with proper authority is operating in the area. Therefore, the following order will be made effective in ten days.

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 within the property in the County of Sacramento described in Appendix B attached hereto.

A. IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Parkway Water Co. to construct and operate a public utility water system for the distribution and sale of water within the territory hereinabove described.

B. IT IS HEREBY FURTHER ORDERED as follows:

1. Applicant is authorized to file with this Commission, after the effective date of this order, in conformance with the provisions of General Order No. 96, four copies of the schedule of rates attached hereto as Appendix A, together with four copies of rules and regulations, including provision for bimonthly billing, and tariff service area map, and, after not less than five days' notice to the public and this Commission, make said rates, rules and regulations effective for all water service rendered on and after April 16, 1954.
2. Applicant shall notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.
3. Applicant shall file with this Commission, within forty days after the system is substantially completed, 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; the principal water production, storage and distribution facilities; and the location of the various properties of applicant.

4. Within sixty days after the date when the system has been completed and placed in operation under the rates and rules and regulations authorized herein, applicant shall file with this Commission a copy of each and every journal or other entry used to record the original installed cost of the major items of property acquired or constructed as parts of the system devoted to rendering service to the public. All important acquisitions or installations made within a period of two years from the effective date hereof shall likewise be reported within sixty days after their completion.
5. Applicant shall base the accruals for depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property. Applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

IT IS HEREBY FURTHER FOUND AS A FACT that public convenience and necessity require the exercise by applicant of the right, privilege and franchise granted to applicant by Ordinance No. 458 of the Board of Supervisors of the County of Sacramento, subject to appropriate restrictions concerning the territory not now served.

C. IT IS HEREBY FURTHER ORDERED that:

1. A certificate of public convenience and necessity be and it is granted to Parkway Water Co. to exercise the rights and privileges granted by the County of Sacramento by Ordinance No. 458 adopted September 2, 1953.
2. Parkway Water Co. shall not exercise said franchise for the purpose of supplying water in those parts or portions of Sacramento County not now served by it except through extensions of its existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code; and
3. The Commission may hereafter by appropriate proceeding and order limit the authority herein granted to applicant as to any territory within said county not then being served by it.

D. IT IS HEREBY FURTHER ORDERED that:

1. Parkway Water Co. is authorized to issue not to exceed 4,500 shares of its capital stock on or before September 30, 1954, at not less than \$10 per share to Park Place Land Company and to use the proceeds for the purposes set forth in this proceeding.
2. Parkway Water Co. shall file a report of the issue of its shares of stock under the authorization herein granted 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.

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

Dated at San Francisco, California, this 30th day of March, 1954.

[Signature]
President

JUSTUS J. C. [Signature]

[Signature]

[Signature]

[Signature]
Commissioners

APPENDIX A
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In the unincorporated area known as Parkway Estates located approximately 6½ miles south of the City of Sacramento, Sacramento County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 800 cu.ft. or less	\$ 2.00
Next 3,200 cu.ft., per 100 cu.ft. ....	.15
Over 4,000 cu.ft., per 100 cu.ft. ....	.075
Minimum Charge:	
For 5/8-x 3/4-inch meter	\$ 2.00
For 3/4-inch meter	3.00
For 1-inch meter	4.50
For 1½-inch meter	7.00
For 2-inch meter	14.00
For 3-inch meter	25.00
For 4-inch meter	40.00
For 6-inch meter	70.00

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
Page 2 of 2

Schedule No. 2

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

In the unincorporated area known as Parkway Estates located approximately 6½ miles south of the City of Sacramento, Sacramento County.

RATES

For each residential unit without swimming pool, including a lot having an area of:

Per Service
Per Month

8,000 sq.ft. or less	\$2.40
8,001 to 11,000 sq.ft.	2.75
11,001 to 13,000 sq.ft.	3.00
13,001 to 15,000 sq.ft.	3.25
15,001 to 20,000 sq.ft.	3.75
20,001 to 25,000 sq.ft.	4.00
25,001 to 30,000 sq.ft.	4.50
30,001 to 35,000 sq.ft.	5.00
35,001 to 40,000 sq.ft.	5.50
40,001 to 45,000 sq.ft.	6.00
Over 45,000 sq.ft., for each additional 10,000 sq.ft. or fraction thereof .....	.75

SPECIAL CONDITIONS

1. Charges for flat rate service are payable in advance.
2. All service not covered by the above classifications will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classifications in which event service will thereafter 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 be again changed to flat rate service.

APPENDIX B
Page 1 of 2

Description of Property Covered by the Within
Certificate of Public Convenience and Necessity

All that certain real property situate in the County of Sacramento lying South of the center line of Florin Road; East of the center line of Stuart Avenue and the Southerly prolongation thereof; on the South by the center line of Elder Creek; on the West by the center line of Franklin Boulevard and more particularly bounded and described as follows:

PARCEL NO. 1: All that portion of the East 35 acres of the North half of the Northwest one quarter of Section 5, Township 7 North, Range 5 East, M.D.B. & M., which lies on the Easterly side of the center line of the Franklin Boulevard, also known as Lower Stockton Road.

PARCEL NO. 2: All that portion of the South half of the Northwest quarter of Section 5, Township 7 North, Range 5 East, M.D.B. & M., which lies on the Easterly side of the center line of the Franklin Boulevard, also known as Lower Stockton Road.

PARCEL NO. 3: The Northeast quarter of Section 5, Township 7 North, Range 5 East M.D.B. & M.

PARCEL NO. 4: All that portion of the North half of the Southeast quarter of Section 5, Township 7 North, Range 5 East M.D.B. & M., which lies on the Easterly side of the center line of Franklin Boulevard, also known as Lower Stockton Road.

EXCEPTING THEREFROM the following:

All that portion of the North half of the Southeast quarter of Section 5, Township 7 North, Range 5 East, Mount Diablo Meridian, described as follows:

Beginning at a point in the center line of Franklin Boulevard, also known as Lower Stockton Road, and on the Westerly production of an old fence line marking the South line of the North half of the Southeast quarter of said Section 5; thence from said point of beginning North $89^{\circ} 49' 30''$ East 46.00 feet to a one-inch iron pin set in the fence line marking the East line of said Franklin Boulevard; thence continuing North $89^{\circ} 49' 30''$ East, along the fence line marking the South line of the North half of the Southeast quarter of said Section 5, a distance of 60.00 feet to an iron pipe monument set in concrete and stamped L.S. 2457; thence leaving said fence line, North $16^{\circ} 01' 30''$ West, parallel with the center line of Franklin Boulevard 40.00 feet to a similar iron pipe monument; thence South $89^{\circ} 49' 30''$ West 60.00 feet to a similar iron pipe monument set in the fence line marking the East line of Franklin Boulevard; thence continuing South $89^{\circ} 49' 30''$ West a distance of 46.00 feet to the center line of Franklin Boulevard, thence South $16^{\circ} 01' 30''$ East 40.00 feet to the point of beginning, and containing 0.0936 acres more or less.

PARCEL NO. 5: The West half of the Northwest quarter of Section 4, Township 7 North, Range 5 East; M.D.B. & M.

PARCEL No. 6: Beginning at a point on the West line of Orange Park Cope Subdivision No. 7, according to the official plat thereof, filed in the office of the County Recorder of Sacramento County, on December 29, 1911, in Book 12 of Maps, Map No. 54, and in the center line of a drainage channel said point of

APPENDIX B
Page 2 of 2

beginning being located South $20^{\circ} 25\frac{1}{2}'$ East 12.24 feet from a pin set on the North side of said drainage channel, said point of beginning being also located North $20^{\circ} 25\frac{1}{2}'$ West, 1198.51 feet, from a steel pin set at the Southwest corner of said Subdivision, said pin being the same pin referred to in a deed from Charles E. Mack, Jr., to Alice L. Mack, dated July 25, 1925, recorded January 2, 1940, in Book 791 of Official Records, page 395; thence from said point of beginning North $20^{\circ} 25\frac{1}{2}'$ West along the West line of said subdivision, a distance of 1449.09 feet to a steel pin set in a fence corner, said steel pin being the same pin set in the Northeast corner of the property described in the above-mentioned deed; thence South $89^{\circ} 49'$ West 1323.04 feet along a fence line to a pin set in a fence corner; thence South $0^{\circ} 16'$ East 1324.47 feet to a pin set in a fence corner; thence South $89^{\circ} 29'$ West 437.00 feet to a one-inch iron pipe; thence South $0^{\circ} 16'$ East 539.93 feet to a point located in the center line of the above-mentioned drainage channel, said point being located South $0^{\circ} 16'$ East 12.79 feet from a two-inch by two-inch stake; thence along the center line of said drainage channel the following courses and distances to the point of beginning; North $69^{\circ} 26'$ East 181.97 feet; North $79^{\circ} 29'$ East 100.54 feet; North $84^{\circ} 12'$ East 170.59 feet; North $72^{\circ} 28' 30''$ East 375.45 feet; North $81^{\circ} 49'$ East 274.73 feet; North $74^{\circ} 53'$ East 395.43 feet; North $80^{\circ} 24'$ East 252.26 feet; and North $76^{\circ} 12'$ East 116.69 feet.

PARCEL NO. 7: The South one half of Lot 3101, as shown on the official "Plat of H. J. Goethe Company's Colony No. 31", filed in the office of the County Recorder of Sacramento County on March 1, 1905, in Book 6 of Maps, Map No. 3.

EXCLUDING THEREFROM any portion of the above-described seven parcels of property or of any of them which lies North of the center line of Florin Road.