

Decision No. 51740**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 MONROE WELLS, individually and doing)
 business as WELLS WATER SERVICE, for:)
 (1) certificate of public conveyance)
 and necessity to continue the operation)
 of and to construct and operate an)
 additional public utility water system)
 in unincorporated areas known as Walnut)
 Glen and Columbia Rancho, Sacramento)
 County and (2) establishment of rates)
 for the service rendered, and (3) au-)
 thorization for issuance of corporate)
 stock of applicant for property and)
 cash.)

Application No. 36808

FIRST SUPPLEMENTAL OPINION AND ORDERIntroductory

Monroe Wells, doing business as Wells Water Service, applied to this Commission on March 17, 1955, for a certificate of public convenience and necessity in order to provide public utility water service to an area comprising Walnut Glen and Columbia Rancho subdivisions and intervening territory in Sacramento County. After hearing and submission of the matter, this Commission's Decision No. 51526 was issued May 31, 1955, by which applicant's request was denied without prejudice to the making of a supplemental application wherein a satisfactory plan for acquisition of the necessary water facilities and an adequate financial showing might be made.

By a First Supplemental Application, filed June 9, 1955, as amended on July 9, 1955, Wells Water Service, a California corporation, is substituted as party applicant, authority to issue stock is sought and a new plan of acquisition is presented.

The System and Its Acquisition

The description of the properties contained in our Decision No. 51526 remains unchanged. However, the plan of acquisition and method of financing is now substantially altered as the result of the formation of the corporation, the present party applicant. Attached to the first supplemental application are two new agreements covering acquisition of the water system, the one marked Exhibit No. 3 pertaining to Walnut Glen and the one marked Exhibit No. 6 pertaining to Columbia Rancho.

By the agreement of sale, dated May 27, 1955, as contained in the new Exhibit No. 3, Mabel C. Ruby, Carl C. Ruby and Betty I. Ruby, individually and as heirs of C. C. Ruby, deceased, will convey to Wells Water Service, free, clear and unencumbered, the existing water system in the Walnut Glen subdivision. For such conveyance Wells Water Service proposes to issue 10,740 shares of its capital stock of a par value of \$1.00 per share, the total of \$10,740 thus issued being equal to the reported total original cost of the system.

By the agreement of sale, dated May 31, 1955, as contained in the new Exhibit No. 6, Bonnie Homes, Inc., will convey to Wells Water Service, free, clear and unencumbered, a water system which Bonnie Homes, Inc., has installed in the Columbia Rancho subdivision. For such conveyance, Wells Water Service proposes to issue 10,015 shares of its stock. At a par value of \$1.00 per share, the total of \$10,015 would be equal to the reported total original cost of this system.

The plan of acquisition appears to be reasonable and the agreements of sale of the properties to the corporation are in order.

Stock Issues

Wells Water Service seeks authority to issue a total of 24,755 shares of capital stock of \$1.00 par value per share for the following purposes:

1. Acquisition of Walnut Glen water system	\$10,740
2. Acquisition of Columbia Rancho water system	10,015
3. Sale of franchise from Monroe Wells to corporation	1,000
4. Operating capital	350
5. Costs and expenses of incorporation	350
6. Costs and expenses in obtaining certificate	300
7. Attorney's fees for incorporation	750
8. Attorney's fees for application proceedings	1,250
Total	<u>\$24,755</u>

Of these, the amount for sale of the franchise, granted Monroe Wells by Ordinance No. 496 of the County of Sacramento, to Wells Water Service cannot be approved. It is subject to the provision of law that:

"The Commission shall have no power to authorize the capitalization of the right to be a corporation, or to authorize the capitalization of any franchise or permit whatsoever or the right to own, operate or enjoy any such franchise or permit, 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, permit or right * * *"

Applicant will be authorized to issue not in excess of \$23,755 of stock, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

Certification

Based upon the entire record in this proceeding and in view of the findings and conclusions in respect thereto heretofore or hereinabove expressed, we further conclude and find it to be a

fact that public convenience and necessity require and will require that applicant corporation provide public utility water service in the area for which it seeks certification. The certificate herein issued is subject to the same provision of law hereinabove quoted respecting the capitalizing of franchises and other permits.

Conclusion

Being of the opinion that the record in this proceeding is now complete and that the deficiencies heretofore pointed out have been adequately healed with respect to financing and acquisition of properties, it appears that further public hearing is not necessary; therefore,

IT IS HEREBY ORDERED as follows:

1. A certificate of public convenience and necessity is hereby granted to Wells Water Service, a California corporation, to acquire, construct, operate and maintain a public utility water system for the production, distribution and sale of water within the territory shown on the map attached to the original application as Exhibit No. 1 thereof.
2. Wells Water Service, after the date hereof and on or before June 30, 1956, may issue, at not less than par, not exceeding \$23,755 of its \$1.00 par value stock for the purposes hereinabove set forth, and with respect thereto applicant shall file with this Commission monthly reports as required by General Order No. 24-A, which order, in so far as applicable, is hereby made a part of this order.
3. Applicant shall file in quadruplicate with this Commission, within five days after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedule of rates attached to this order as Appendix A, together with rules and regulations and tariff service area map acceptable to the Commission, to become effective for all water service rendered on or after the first day of September, 1955.

4. Applicant shall file with this Commission, within thirty days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale of approximately 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, the production, storage and distribution facilities and the various properties of applicant.

5. Applicant shall base depreciation accruals upon a spreading of the original cost of plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property, reviewing 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.

6. The authorizations granted and the certificate issued herein will lapse if not exercised within 180 days 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 26th day of July, 1955.

Justus J. Casner
President
Paulo Luterario
Walter L. ...
R. V. ...

Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated areas known as Walnut Glen and Columbia Rancho Subdivisions, located approximately one mile east of the intersection of Fair Oaks Boulevard and Watt Avenue, east of the City of Sacramento, Sacramento County.

RATES

Per Meter
Per Month

Quantity Rates:

First	800 cu.ft. or less	\$2.00
Next	1,200 cu.ft., per 100 cu.ft.195
Next	3,000 cu.ft., per 100 cu.ft.17
Next	5,000 cu.ft., per 100 cu.ft.14
Over	10,000 cu.ft., per 100 cu.ft.12

Minimum Charge:

For	5/8 x 3/4-inch meter	\$2.00
For	3/4-inch meter	2.75
For	1-inch meter	3.50
For	1 1/2-inch meter	4.50
For	2-inch meter	6.00
For	3-inch meter	9.00
For	4-inch meter	12.00

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

Schedule No. 2

RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated areas known as Walnut Glen and Columbia Rancho Subdivisions, located approximately one mile east of the intersection of Fair Oaks Boulevard and Watt Avenue, east of the City of Sacramento, Sacramento County.

RATES

Per Service Connection
Per Month

For each residence, including a lot having
an area of:

5,000 square feet or less	\$2.00
5,001 to 11,000 square feet	2.75
11,001 to 13,000 square feet	3.00
13,001 to 15,000 square feet	3.50
15,001 to 18,000 square feet	3.75
18,001 to 30,000 square feet	4.50
Over 30,000 square feet, for each additional 10,000 square feet or fraction thereof75

For each additional residence on the same lot
served through the same connection 1.50

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.

2. Meters may be installed at option of utility or customer for above classifications in which event service will thereafter be rendered only on the basis of Schedule No. 1, General Metered Service.

Schedule No. 3

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service furnished to municipalities, duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated areas known as Walnut Glen and Columbia Rancho Subdivisions, located approximately one mile east of the intersection of Fair Oaks Boulevard and Watt Avenue, east of the City of Sacramento, Sacramento County.

RATE

	<u>Per Month</u>
For each wharf-type hydrant	\$1.50

SPECIAL CONDITIONS

1. 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.
2. Hydrants will be maintained by the political subdivision for which the service is furnished.