

Decision No. 52028**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ROYAL OAKS WATER
COMPANY, a California corporation,
for a certificate of convenience
and necessity to construct and
operate a water distribution
system
and

Application No. 36946
(and First and Second
Amendments)

Application of ROYAL OAKS WATER
COMPANY, a California corporation,
for authority to issue and sell
its capital stock.

W. P. Dwyer, Jr., for applicant.
W. B. Stradley and John F. Donovan,
for the Commission staff.

O P I N I O N

In this application, as amended, the Commission is asked to enter its order (a) granting to Royal Oaks Water Company, a corporation, a certificate of public convenience and necessity to construct and operate a water system in the County of Sacramento, and (b) authorizing the corporation to issue \$21,140 par value of its common stock and \$31,710 in principal amount of 3½ per cent, 20-year debentures.

A public hearing was held before Examiner T. E. Daly in Sacramento on September 2, 1955, on the original application and the first amendment thereto, at which time the matter was taken under submission. On September 29, 1955, applicant filed a second amendment to its application modifying certain of its requests. It does not appear necessary to have a further hearing in the proceeding and an order accordingly will now be entered. No protests to applicant's requests have been received.

Applicant was incorporated under the laws of California on March 1, 1955, for the purpose of supplying water as a public utility in an area comprising approximately 1,100 acres in the County of Sacramento, now being developed as a joint venture by Hitchcock & Chamberlain, Ltd., Edwin W. Pauley, Edwin W. Pauley, Jr., and Claude L. Cameron. At this time, however, it seeks certification for only the first unit of the development. Should its application be granted it intends at a later time to file a supplemental application or applications requesting extensions of its certificated area.

The first unit in the development is known as the Foothill Farms Unit No. 2 and consists of approximately 280 lots located, according to Exhibit E, in Section 51, Rancho del Paso, Sacramento County. Approximately 15,650 feet of 8-, 6-, and 4-inch asbestos-cement pipe will be installed to serve this area. A 12-inch well has been drilled and equipped with a 50-horsepower electric motor directly connected to a deep-well turbine pump. This unit is capable of delivering about 700 gallons of water per minute against 40 to 60 pounds system pressure. A 5,000-gallon tank is located at the well. The estimated cost of the proposed water system to supply service to the first unit is \$52,850.

Applicant intends to finance its costs through the issue of stock equivalent to 40 per cent of the total capital requirement and through the issue of 3½ per cent, 20-year debentures in an amount equivalent to the balance of the estimated expenditures. On the basis of the total reported costs, its program will call for the issue of \$21,140 of stock and \$31,710 of debentures. The application shows that both stock and debentures will be issued to Hitchcock & Chamberlain, Ltd. Applicant has proposed both flat rates and meter rates for the service to be rendered, metered service to be applied to property with swimming pools and for businesses.

Upon a review of this matter, we are of the opinion that the application should be granted and the appropriate order issued granting the certificate and authorizing the issue of the stock and debentures. The certificate thus to be issued 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.

It is our opinion, and we so find, that the proposed rates are just and reasonable, that the financing plan should be approved, that the money, property or labor to be procured or paid for through the issue of the stock and debentures herein authorized, is reasonably required for the purpose set forth herein and that such purpose is not in whole or in part reasonably chargeable to operating expenses or to income.

O R D E R

A public hearing having been held on the above-entitled matter, the evidence having been considered and the matter 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 Royal Oaks Water Company, a corporation, within the area delineated upon the map filed in this proceeding as Exhibit E.

IT IS HEREBY ORDERED as follows:

1. A certificate of public convenience and necessity be and it is hereby granted Royal Oaks Water Company to construct and operate a public utility water system for the distribution and sale of water within the territory hereinbefore described.
2. Applicant is authorized to file, after the effective date of this order, the rates set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public, together with rules and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
3. Applicant shall notify this Commission, in writing, of the date service is first rendered to the public, within ten days thereafter.
4. Applicant shall file within forty days after the system is placed in operation, under the rates and rules authorized herein, 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 for which this certificate is issued; the principal water production, storage and distribution facilities; and the location of the various properties of applicant.
5. Applicant shall base the accruals to 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.
6. Applicant, after the effective date hereof and on or before February 29, 1956, may issue not exceeding \$21,140 par value of its capital stock and not exceeding \$31,710 in principal amount of 3½ per cent, 20-year debentures in exchange for the properties and for the purposes described in the foregoing opinion.

Applicant shall file with the 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.

- 7. The authorization herein granted will expire if not exercised within one year from the date hereof.
- 8. This order will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$32.

Dated at San Francisco, California, this 4th day of October, 1955.

[Signature]
President

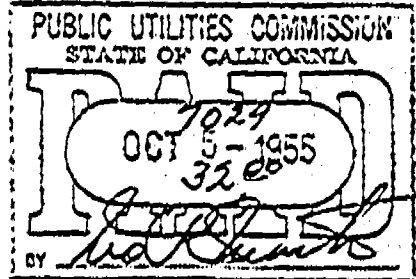
Justin D. Casner

Raulo Vintarainen

[Signature]

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Commissioners



APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Foothill Farms Unit No. 2, located approximately 11 miles northeast of Sacramento, Sacramento County.

RATES

Per Meter
per Month

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 1-1/2-inch meter	7.00
For 2-inch meter	14.00
For 3-inch meter	25.00
For 4-inch meter	40.00

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 area known as Foothill Farms Unit No. 2, located approximately 11 miles northeast of Sacramento, Sacramento County.

RATES

Per Service Connection
per Month

For each single family residence, including premises having an area of:

8,000 sq.ft. or less	\$3.00
8,001 to 11,000 sq.ft.....	3.35
11,001 to 13,000 sq.ft.....	3.60
13,001 to 15,000 sq.ft.....	3.85
15,001 to 20,000 sq.ft.....	4.35
20,001 to 25,000 sq.ft.....	4.60
25,001 to 30,000 sq.ft.....	5.10
30,001 to 35,000 sq.ft.....	5.60
35,001 to 40,000 sq.ft.....	6.10
40,001 to 45,000 sq.ft.....	6.60
Over 45,000 sq.ft., each additional 10,000 sq.ft. or fraction thereof.....	.75

SPECIAL CONDITIONS

- 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 classifications in which event service will thereafter be rendered on the basis of Schedule No. 1, General Metered Service.
- Premises on which a swimming pool has been installed will not be served under this schedule.