

ORIGINAL

Decision No. 51087

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of SACRAMENTO WATER CO., a )  
California Corporation, for a )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY to operate a water )  
system for the furnishing of water )  
to the public in the area herein- )  
after described; to establish water )  
rates (Section 1001 of P. U. Code); )  
to issue and sell stock, and to exer- )  
cise franchise rights. )

Application No. 37910

Gregory E. Koshell for applicant.  
Robert C. Moeck for Commission staff.

O P I N I O N

Applicant filed this application for the purposes specified in the title on April 6, 1956. A public hearing was held in Sacramento before Examiner Power on August 6, 1956, and the matter submitted.

Two matters may be disposed of at the outset. First, the financial resources of applicant and its principal stockholders are adequate. Second, the tract for which a certificate is requested em-  
braces about 600 acres. Only small parts of it need water service at this time. The certificate in the following order will include only those areas where need now exists.

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The areas now being served, with recording data where available, are: McClellan Gardens, Bk. 40 of Maps, Map. No. 27; Airbase Meadows, @ 43/3 Maps; Freeway Gardens, @ 40/22 Maps; an area in Oakdale Sub., lots 68, 69 and 71, bounded on the north by "A" Street, on the east by 5th Avenue, on the south by "E" Street, on the west by 1st Avenue; also McClellan Center; also an area between 1st Avenue and the Roseville Road. All of these areas are in unincorporated territory of Sacramento County.

These are two in number. Applicant's Plant No. 1 is supplied by a well 385 feet deep. This is equipped with a deep-well turbine pump directly connected to a 25-hp electric motor. The pump discharges into a 2500-gallon pressure tank and from there into the distribution system. This plant will serve 5 retail establishments, 30 apartments, a trailer camp and a subdivision known as McClellan Gardens.

Plant No. 2 is calculated to serve Freeway Gardens and Airbase Meadows Subdivisions. The pump on this well will be driven by a 50-hp motor and the pressure tank will be of 5000-gallon capacity. At the time of the hearing this plant was serving 11 consumers and there were 20 residences under construction.

Four thousand four hundred seventy-five feet of pipe varying from 2" to 8" in diameter have been installed in the Plant No. 1 area. One thousand three hundred ninety-five feet of pipe of 4" and 8" diameter were laid in the Plant No. 2 area. Three-quarter inch services will be installed. There are now 15 fire hydrants in the proposed area.

Applicant proposed rates which are higher than those charged by comparable companies in the area. Charges are intended to be, primarily, on a flat-rate basis. In arriving at its rate proposals applicant included costs for proposed extensions for more than a year into the future. It is not certain that all those extensions will be put in. This is too speculative to be considered in connection with present rates.

The rate proposal contains one feature that must be eliminated. One area contains a trailer court with 150 spaces and 30 apartments. Applicant seeks to serve the trailer spaces and apartments on an individual basis and has proposed rates accordingly. Such a system is highly undesirable. The utility will not be in position to

effectively collect its charges from transients. Should it fail in this respect a burden might fall upon permanent residents.

The Commission finds and concludes that public convenience and necessity require that certificates be granted to applicant to provide water service in the areas described in Footnote No. 1 and to exercise its franchise from the County of Sacramento. The Commission further finds and concludes that the rates set forth in the following order are fair and reasonable.

The certificates of public convenience and necessity granted in and by the following order are 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.

Applicant requested authority to issue 1000 shares of \$100 par value common capital stock. Its application as amended shows estimated costs of its system as \$84,815.08. This figure includes \$34,673.75 for "proposed mains" and \$2,400 for 320 services. The record does not establish with certainty when, if ever, the proposed mains will be installed. That figure should be deducted in calculating the amount of stock now necessary to be issued. In view of what we have said above concerning trailer courts and apartments the need for service connections will be greatly reduced. It appears that \$50,000 will meet the immediate needs of the applicant including a small sum for working capital.

The Commission hereby finds that the money, property and labor to be procured or paid for through the issuance of the common stock herein authorized are 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.

The action taken herein shall not be construed to be a finding of the value of the property to be acquired with the proceeds of the capital stock herein authorized to be issued.

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 ORDERED:

1. That a certificate of public convenience and necessity be and it is hereby granted to Sacramento Water Co. to acquire, construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described.

2. IT IS HEREBY FURTHER ORDERED that a certificate of public convenience and necessity be and it hereby is granted to Sacramento Water Co. to exercise the rights and privileges granted to it by the Board of Supervisors of the County of Sacramento under Ordinance No. 521 adopted March 27, 1956.

3. IT IS FURTHER ORDERED as follows:

- a. 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 including provision for bimonthly billing 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 on five days' notice to the Commission and to the public after filing as hereinabove provided.

- b. Applicant shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.
- c. 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; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.
- d. 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.

4. IT IS FURTHER ORDERED that applicant may issue not to exceed 500 shares of its common capital stock of the par value of \$100 per share (total par value \$50,000) to Gregory E. Koshell and Pearl B. Koshell, for the purpose of raising funds to acquire the public utility water system referred to in the foregoing opinion.

5. IT IS FURTHER ORDERED that applicant shall file with the Commission a report, or reports, as required by General Order No. 24A, which general order, in so far as it is applicable, is made a part of this order.

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

IT IS FURTHER ORDERED that the application of Sacramento Water Co., except as specifically granted herein, be and it is denied without prejudice.

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

Dated at San Francisco, California, this 19<sup>th</sup> day of NOVEMBER, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Two unincorporated areas, one including McClellan Gardens Subdivision and portions of Lots Nos. 68, 69 and 71 of Oakdale Subdivision, and the other including Freeway Gardens Subdivision and Airbase Meadows Subdivision, both areas being approximately 8 miles northeast of the City of Sacramento, Sacramento County.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 800 cu.ft. or less .....	\$ 2.80
Next 3,200 cu.ft., per 100 cu.ft.....	.25
Over 4,000 cu.ft., per 100 cu.ft.....	.15
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.80
For 3/4-inch meter .....	3.75
For 1-inch meter .....	6.00
For 1-1/2-inch meter .....	11.00
For 2-inch meter .....	15.00
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. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Two unincorporated areas, one including McClellan Gardens Subdivision and portions of Lots Nos. 68, 69 and 71 of Oakdale Subdivision, and the other including Freeway Gardens Subdivision and Airbase Meadows Subdivision, both areas being approximately 8 miles northeast of the City of Sacramento, Sacramento County.

RATES

	<u>Per Service Connection per Month</u>
For a residential unit, including a lot having an area of:	
8,000 sq.ft. or less .....	\$3.00
Over 8,000 to 11,000 sq.ft.....	3.35
Over 11,000 to 13,000 sq.ft.....	3.60
Over 13,000 to 15,000 sq.ft.....	3.85
Over 15,000 to 20,000 sq.ft.....	4.35
Over 20,000 to 25,000 sq.ft.....	4.60
Over 25,000 to 30,000 sq.ft.....	5.10
Over 30,000 to 35,000 sq.ft.....	5.60
Over 35,000 to 40,000 sq.ft.....	6.10
Over 40,000 to 45,000 sq.ft.....	6.60
Over 45,000 sq.ft., each additional 10,000 sq.ft. or fraction thereof.....	.75
For each additional residential unit on the same lot and served through the same service connection	\$2.00
For each evaporative-type cooler in addition to regular flat rates, during the months of May, June, July, August, September and October:	
Circulating type .....	.25
Noncirculating type .....	.75



Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS

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