

Decision No. 58027

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
CITIZENS SUBURBAN COMPANY, a California)
corporation, for a certificate of public)
convenience and necessity authorizing)
applicant to furnish public utility)
water service in certain portions of)
Sacramento County, California, and to)
exercise franchise rights in connection)
therewith, and to issue and sell its)
capital stock.)

Application No. 37236
(Second Supplemental)
(Amended)

Orrick, Dahlquist, Herrington & Sutcliffe, by
Warren A. Palmer, for applicant.
Alfred B. Day and Russell J. Leonard, for the
Commission's staff.

SECOND SUPPLEMENTAL OPINION

Citizens Suburban Company requests authority to render water service in the vicinity of Sacramento.

A public hearing was held before Examiner Thomas E. Daly on January 14, 1959, at Sacramento, and the matter was submitted. No appearance was made in protest to the authority sought.

By Decision No. 53808, dated September 25, 1956, in Application No. 37236 (Amended), the Commission granted applicant a certificate to construct a water system in an unincorporated area of approximately 220 acres in Sacramento County. Said certificate was subject to the condition that applicant could make no extension into other territory, whether contiguous or not, without prior authority of the Commission. By Decision No. 56600 applicant was authorized to exercise a County franchise, also made subject to the condition that extensions beyond the certificated area be made only with prior Commission authority.

Applicant presently requests authority to extend its service to a contiguous area which lies between applicant's presently certificated areas known as the Cordova Towne and Rosemont Districts.

All of the proposed service area lies within applicant's franchise area.

The record indicates that applicant has received several requests to extend service to subdivisions within the proposed service area. A request has been made by the Paoli Company for applicant to serve an area of approximately 106 acres situated north of Folsom Boulevard and west of Cordova Park, Cordova Meadows, and the Cordova Gardens Subdivision. The Paoli Company contemplates the immediate construction of a motel consisting of 110 units, a large apartment house development, and a subdivision of approximately 300 homes. In addition, applicant has been requested by the Lincoln Development Company to extend service to a new subdivision of approximately 350 acres. Said area will ultimately contain 935 homes. Construction will commence in March of 1959. Another proposed subdivision area for approximately 200 homes is contemplated off Routier Road between Folsom Boulevard and Placerville Road. Representatives of the various developers stated that there is an immediate need for the service.

Applicant intends to supply the Paoli subdivision from the distribution system in Cordova Towne and also to supplement the system with a well. The Lincoln Village subdivision would have its own facilities and water supply and would not immediately be connected to either the Cordova Towne or Rosemont systems. It is planned that the Lincoln Village system will eventually be integrated with the Cordova Towne system. Applicant proposes to apply its effective Cordova Towne rates and rules to the extended area.

The installation of pumps, wells, storage facilities and almost all transmission lines between Cordova Towne and the Paoli development will be at applicant's expense. It will be accomplished either by its own equity or by debt funds advanced by its parent

corporation, Citizens Utilities Company. Distribution systems to tracts would be financed with advances for construction from subdividers, with refund payments based on the 22-percent-of-revenue option. Individual customers would be added on the 65-foot free extension rule.

Exhibit No. 55, prepared and introduced by the Commission's staff, indicates that the total parent equity as of December 31, 1958 was 47.1 percent, with 48.7 percent being attributable to advances for construction and 4.2 percent from contributions in aid of construction. The staff estimated that, by December 31, 1959, the total parent equity would be 48 percent, advances for construction 50.5 percent, and 1.5 percent from contributions in aid of construction. A letter introduced in evidence as Exhibit No. 54 and signed by the treasurer of Citizens Utilities Company indicated an awareness that future plant expansion could be offset on the books by advances from developers and thus result in an unbalanced capital structure. The writer stated that, in the event of such occurrence, steps would be taken to keep the capitalization of applicant from being overbalanced.

After consideration, the Commission is of the opinion and so finds that public convenience and necessity require the construction, operation and maintenance of a public utility water system in the proposed area. The Commission further finds that applicant may exercise within said area the franchise granted by the County of Sacramento by Ordinance No. 542.

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 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 issuance of such franchise, certificate of public convenience and necessity or right.

SECOND SUPPLEMENTAL ORDER

Application having been filed and the Commission being informed in the premises,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity is hereby granted to Citizens Suburban Company to construct, operate and maintain a public utility water system for the distribution and sale of water in the area set forth in Exhibits A and B attached to the Second Supplemental (as amended) to Application No. 37236.

(2) That applicant is authorized to apply, after the effective date of this order, its presently effective tariff schedules to the area certificated herein, except that Schedules Nos. RO-1 and RO-2R applicable to its Rosemont Tariff Area shall not be made so applicable.

(3) That applicant shall, after the effective date of this order, revise its presently filed tariff schedules, including a tariff service area map, in accordance with the procedure prescribed by General Order No. 96, to provide for the application of said tariff schedules as hereinabove authorized for water service in the area being certificated by this order, such revised tariff sheets to become effective on or before service is first furnished to the public under the authority herein granted. The hereinabove-mentioned tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

(4) That applicant shall notify this Commission, in writing, of the date service is first rendered to the public, under the authority herein granted, within ten days thereafter.

(5) That applicant shall file, within one hundred and eighty 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 three hundred 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 water system properties of applicant.

(6) That applicant shall not make any extensions into other territory, whether or not contiguous to its certificated area, without first having obtained permission from this Commission.

(7) That applicant is authorized to exercise, in the area certificated herein, the franchise granted by the County of Sacramento, by Ordinance No. 542, and certificated by this Commission in Decision No. 56600, dated April 29, 1958.

(8) That applicant shall not exercise the franchise granted by Ordinance No. 542 for the purpose of serving water in those portions of Sacramento County not heretofore included under its certificated area or the area covered by the certificate herein granted without first having obtained permission from this Commission.

(9) The authority herein granted will expire if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 17th day of FEBRUARY, 1959.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners