

**ORIGINAL**Decision No. 58795

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RANCHO SEQUOIA WATER  
 COMPANY, a California corporation,  
 for a certificate of public conven-  
 ience and necessity to operate a  
 public utilities water system and to  
 establish rates for water service in  
 an area described as Tract No. 1723,  
 Fresno County, California, under  
 Section 1001, et seq., of the Public  
 Utilities Code of the State of  
 California, and for a permit to  
 issue capital stock of applicant  
 corporation.

Application No. 41168

Richard L. Shepard, for applicant.  
W. B. Stradley, for the Commission's staff.

O P I N I O N

Rancho Sequoia Water Company, a California corporation, by application filed May 25, 1959, requests an order granting it a certificate of public convenience and necessity to operate a public utility water system to serve Rancho Sequoia Tract No. 1723 in Fresno County, California. Authority is also requested to issue 193 shares of capital stock of applicant corporation of a par value of \$100 each, and to establish metered and monthly flat rates.

Public hearing was held in Fresno on June 25, 1959 before Commissioner Theodore H. Jenner and Examiner John A. Rowe, Jr., at which time evidence both oral and documentary was adduced and the matter was submitted with the right of applicant to file a late-filed exhibit indicating the capacity of the pump. This document has now been received and marked as Exhibit No. 1. All interested parties, including the Health Officer of the County and the State Division of Real Estate, were duly served with a notice of the filing of the application and the hearing. No one appeared in opposition.

The area proposed to be served consists of approximately 68 residential lots located northerly of the City of Fresno on land being subdivided by the gentlemen who will acquire the stock of applicant corporation. This land has no other available source of water supply.

It is proposed that the incorporators will transfer to applicant the water system which has cost \$15,132.58, the land which is valued at \$900, office and general equipment which cost \$1,000, and \$1,000 in working cash. Money expended in organizational costs amounted to \$1,250. The amounts total \$17.42 less than the aggregate par value of stock. Consequently, this additional amount will be required to be paid to the corporation in cash for the 193 shares of capital stock and added to the working funds.

The schedule of proposed rates appears to reveal an unjustifiable discrimination between flat rates and metered rates. A schedule of rates with a more equitable adjustment between the two types of charges has been prepared by the staff. This schedule of rates set forth in Appendix A is found to be just and reasonable. We find that public convenience and necessity require the construction and operation of a public utility water system by Rancho Sequoia Water Corporation, a California corporation, within the area requested herein and specifically described in the following order. The authorization to issue stock, as requested, should and will be granted, subject to the conditions in the order which follows.

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 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.

O R D E R

Public hearing having been held herein and the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Rancho Sequoia Water Company, a California corporation, to construct and operate a public utility water system for the sale and distribution of water within the territory described as follows:

Lots 1 to 64, inclusive, of Rancho Sequoia Tract No. 1723, Fresno County, California, and an area commencing at the Southwestern corner of Lot 57 of said Tract 1723, thence South  $89^{\circ} 43' 48''$  East, 506.34 feet to a one-inch iron pipe on the Westerly boundary of Marks Avenue; thence Northerly along said boundary of Marks Avenue, 311.94 feet to the Southerly boundary of Lot 64 extended; thence Westerly along the Southerly boundary of Lots 64, 63, 62, 61, 59, 58 and 57 of said tract to the point of beginning.

2. Applicant is authorized to file the rates set forth in Appendix A attached to this order, to be effective on or before the day service is first rendered to the public under the authority granted herein, together with rules and a tariff service 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 furnished to the public under the rates and rules authorized herein, within ten days thereafter.

4. Within forty days after the system is placed in operation under the rates and rules authorized herein, applicant shall file with this Commission 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 water system properties of applicant.

5. Applicant shall determine the accruals for depreciation by dividing the original cost of the utility plant, less estimated future net salvage, less depreciation reserve, by the estimated remaining life of the plant. Applicant shall review the accruals as of January 1st of the year following the date service is first rendered to the public under the rates and rules authorized herein and thereafter when major changes in utility plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

6. Applicant, after the effective date hereof and on or before December 1, 1959, may issue not exceeding 193 shares of its capital stock for the purpose set forth in this application, the Commission being of the opinion that the money, property, or labor to be procured or paid for by the issuance of said stock is reasonably required by applicant for the purposes herein stated, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

7. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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

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

Dated at San Francisco, California, this 22<sup>nd</sup> day of July, 1959.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]

Commissioners

Commissioner C. Iga Fox, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
Page 1 of 2

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including the subdivision known as Rancho Sequoia, Tract No. 1723, and vicinity, near the intersection of West Ashlan and Marks Avenues immediately north of the City of Fresno, Fresno County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 600 cu.ft. or less .....	\$ 3.25
Next 1,400 cu.ft., per 100 cu.ft. ....	.20
Next 2,000 cu.ft., per 100 cu.ft. ....	.16
Over 4,000 cu.ft., per 100 cu.ft. ....	.16
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 3.25
For 3/4-inch meter .....	4.00
For 1-inch meter .....	5.25
For 1½-inch meter .....	7.50
For 2-inch meter .....	15.00

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

The unincorporated area including the subdivision known as Rancho Sequoia, Tract No. 1723, and vicinity, near the intersection of West Ashlan and Marks Avenues immediately north of the City of Fresno, Fresno County.

RATES

	<u>Per Service Connection Per Month</u>
For a single-family residence, including premises not exceeding 9,000 sq.ft. in area .....	\$4.00
For each 100 sq.ft. of area in excess of 9,000 sq.ft. ....	.03

SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service. When a meter is installed at option of customer, metered service must be continued for at least 12 months before service will again be furnished at flat rates.