

ORIGINALDecision No. 60372

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 HILLCREST WATER CO., INC., a corpo-)
 ration, for a certificate of public)
 convenience and necessity to con-)
 struct an extension to its water)
 system and fix the rates for such)
 service and for authority to issue)
 stock and evidence of indebtedness)
 to pay for such extension.)

Application No. 41971

O P I N I O N

Hillcrest Water Co., Inc., a corporation, by the above-entitled application filed February 19, 1960, requests a certificate of public convenience and necessity to construct and operate a public utility water system in Walton Heights Subdivision in an unincorporated area in Sutter County; also, authority is requested to issue 20,000 shares of \$1 par value common stock in the aggregate amount of \$20,000 and authority to issue a 4 per cent promissory note in the amount of \$22,812.75. A map of the area for which a certificate is requested is attached to the application as Exhibit B.

Applicant presently furnishes public utility water service in Hillcrest Manor Subdivision located approximately one half mile northeast of the area described herein.

A field investigation in connection with this application was made by a staff engineer and a financial examiner of the Commission.

No protests regarding this matter have been received by the Commission.

Service Area

The area for which a certificate is requested is located immediately southeast of the intersection of Lincoln Road and Walton Avenue approximately 1½ miles southwest of Yuba City, Sutter County. This tract includes an area of approximately 44 acres and is subdivided into 161 lots which average approximately 8,500 square feet in area. No public utility water system serves the area sought to be certificated herein.

Description of Water System

The water system as proposed will consist of approximately 525 feet of 8-inch 10-gauge, 5,200 feet of 6-inch 12 gauge, and 650 feet of 4-inch 12 gauge, double-dipped and wrapped-steel distribution main laid principally in the streets. The distribution system is to be completely circulating, with the exception of the main in one dead-end street. The water service is to be furnished to individual lots through 1-inch diameter, galvanized service connections equipped with corporation and curb stops installed in concrete valve boxes at the curb lines. The water supply is to be obtained from an existing well located in proposed Lot No. 67 of the subdivision. This well is to be equipped with a 60-horsepower deep-well turbine pump capable of delivering approximately 1,000 gallons per minute against 70 pounds per square inch system pressure. A 5,000-gallon hydropneumatic tank will be installed at the well site. As lots in the tract are sold and the number of utility customers increases, an additional well is planned to be drilled near the east edge of the tract on property adjacent thereto.

Applicant's estimate of the cost of the facilities necessary to serve the area for which a certificate is requested is as follows:

Intangible Plant	\$ 450.00
Landed Capital	3,000.00 ✓
Wells	800.00
Structures	1,500.00
Pumping Equipment	5,755.56
Reservoirs and Tanks	2,590.80
Transmission and Distribution Mains	21,686.00 ✓
Engineering	1,200.00
Services	3,936.39
Hydrants	1,894.00
Total	<u>42,812.75</u>

Financing of System

Applicant requests permission to issue \$20,000 par value of common stock and a 4 per cent note in the principal amount of \$22,812.75, payable on or before 10 years after date, for a total of \$42,812.75 to finance the cost of the above-described water utility plant.

Rates

The rates proposed to apply to water service in the new area are the same rates as are presently in effect for Hillcrest Manor Subdivision.

Applicant's officers and directors are aware that they may not expect a full return on their investment until this subdivision is fully developed.

Findings and Conclusions

Applicant's water supply and distribution facilities as constructed and as proposed appear to meet the minimum requirements of General Order No. 103. However, to provide for the reasonable continuation of an adequate supply of water in case of the failure of its single present well source, applicant will be required to arrange for a connection with another firm potable source of supply

or to have available appropriate standby facilities such as adequate storage or other means which can be placed in operation promptly.

To set apart the property necessary for utility operations, applicant will be required to dedicate to utility purposes the property on which are located any facilities such as wells, tanks and related equipment, as well as easements for pipelines not located in public streets.

It appears applicant has the requisite financial ability to carry out the proposed construction and operation of the water system during the developmental period of the area requested to be served when little or no return will be realized from the proposed utility operation.

It is hereby found as a fact that public convenience and necessity require the granting of the certificate herein sought.

The order herein will authorize applicant to issue the proposed note and 20,000 shares of its common stock at a par value of \$1 per share to be used for the construction of the water system hereinbefore described.

The Commission is of the opinion that the money, property or labor to be procured or paid for by the issuance of the securities herein authorized is reasonably required 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 authorization herein granted shall not be construed to be a finding of the value of applicant's stock or properties nor indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

The Commission has given consideration to the matter and is of the opinion that a public hearing is not necessary.

The certificate hereinafter granted is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the 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 a consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

IT IS HEREBY ORDERED that Hillcrest Water Co., Inc., a corporation, be and it is granted a certificate of public convenience and necessity to construct and operate a public utility water system for the distribution and sale of water in the tract to be known as Walton Heights Subdivision, Sutter County, as delineated on the map attached to the application as Exhibit B.

IT IS FURTHER ORDERED that:

1. The certificate granted in the foregoing paragraph of this order shall not become effective until applicant shall have provided for the reasonable continuation of an adequate supply of water in case of failure of their present single source, all in a manner acceptable to the Commission, and shall have so notified the Commission in writing after the effective date of this order.
2. Applicant is authorized to apply, after compliance with paragraph 1 of this order, its presently effective tariff schedules to the area certificated herein.
3. Within thirty days after compliance with paragraph 1 of this order, applicant shall file in quadruplicate with this Commission, after the effective date of the order and in conformity

with General Order No. 96 revised tariff schedules acceptable to this Commission, including tariff service area maps, to provide for the application of said tariff schedules to the area certificated herein. Such revised tariff sheets shall become effective upon five days' notice to the public after filing as hereinabove provided.

4. Applicant shall file within thirty 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 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 certificated herein.

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 plant. Applicant shall review the accruals as of January 1st following the year service is first furnished in the area herein certificated 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 this Commission.

6. If the authorization herein granted is exercised, applicant shall dedicate to public utility purposes the lot or area on which the well and related water facilities are located and any easements or permits where water mains will be located, otherwise than in public streets, including the right of way for the transmission line from the well into the subdivision, and shall file with the Commission, not later than thirty days after the system is first placed in operation under the rates and rules authorized herein, one copy of each appropriate document showing such dedication, easement or permit.

7. Prior to the date service is first furnished to the public under the authority herein granted, applicant shall (a) apply to the health authority having jurisdiction for a water supply permit for the proposed system, and (b) report to the Commission in writing that application has been made for such permit.

8. Hillcrest Water Co., Inc., for the purposes herein set forth, may issue not to exceed \$20,000 aggregate par value of its capital stock at par and its 4 per cent note in the principal amount of not to exceed \$22,812.75, which note shall be in, or substantially in, the same form as that attached to the application as Exhibit E.

9. Hillcrest Water Co., Inc., shall file with this Commission a report or reports as required by General Order No. 24-A, which order in so far as applicable is hereby made a part of this order.

The authorization herein granted will expire if not exercised within one year of the effective date of this order.

The authority herein granted to issue the note shall become effective when Hillcrest Water Co., Inc., has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25. In all other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 5th day of July, 1960.

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President
[Handwritten signature]

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Commissioners

