

ORIGINALDecision No. 60645

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 a certain portion of)
 Sacramento County, California, and to)
 exercise franchise rights in connection)
 therewith.)

Application No. 42259

O P I N I O N

By the above-entitled application filed May 17, 1960, Citizens Suburban Company, a California corporation, requests a certificate of public convenience and necessity to construct and operate a public utility water system in an unincorporated area of Sacramento County which includes a subdivision to be known as Panorama Village. An amendment to the application was filed on June 17, 1960. A map of the area for which a certificate is requested is attached to the application as Exhibit "A". A field investigation in connection with this application was made on May 31, 1960, by a staff engineer of the Commission.

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

Service Area

The area for which a certificate is requested consists of about 296 acres located immediately adjacent to the north side of U. S. Highway 50 about 11 miles east of the City of Sacramento, Sacramento County. Construction of homes has been started in Unit 1 of the tract. It is anticipated that development of Unit 1 consisting of 160 lots will be completed by the end of 1960, and Unit 2 will be

completed by June 1961, at which time the total number of customers is expected to aggregate 275. It is estimated that the entire area for which a certificate is requested will be fully developed by the end of 1962, with public utility water service required at that time for not less than 1,031 individual residential lots, together with additional multiple unit, residential and commercial developments.

The requested area is not presently served by a public utility water system. It is, however, located immediately across U. S. Highway 50 from the presently certificated Rosemont Service Area of applicant and roughly one mile from its Cordova Towne Service Area. Under the terms of an agreement between Natomas Water Company and Citizens Suburban Company, Natomas Water Company agreed that it would not oppose any application by the latter to serve certain areas lying generally west of the easterly boundary of Citizen's Cordova Towne tariff area, including the area for which a certificate is herein sought. A copy of the said agreement was filed with the Commission on April 20, 1956, in connection with Application No. 37236 and Application No. 37462.

Water System

The distribution system as proposed will eventually consist of approximately 10,830 feet of 8-inch and 29,440 feet of 6-inch Class 150 asbestos-cement pipe laid primarily in streets. The distribution system is designed to be completely circulating with the exception of some minor lengths of dead-end mains. Fifty-nine fire hydrants will be located within the area to be served. Ultimately it is proposed that the water supply for this system is to be obtained from four wells. One well only is proposed in connection with the first unit developed. A hydropneumatic pressure tank will be located at each well site. Wells, pumping equipment, and pressure tanks are

proposed to be constructed, as units in the subdivision are developed, to furnish quantities of water as needed to meet at least the minimum requirements of this Commission's General Order No. 103.

Applicant's estimate of the cost of the facilities necessary to serve the various stages of development within the area for which a certificate is requested is shown in the tabulation below:

<u>Description</u>	<u>Unit No. 1</u>	<u>Units Nos. 1 & 2</u>	<u>Complete Water System</u>
Land	\$ 1,000	\$ 2,000	\$ 4,000
Wells	5,000	10,000	20,000
Pumping Plant Structures	700	1,400	2,800
Pumping Plant Equipment	7,000	14,000	28,000
Reservoirs and Tanks	1,500	3,000	6,000
Distribution Mains	28,345	43,800	183,960
Services	4,800	8,250	34,650
Fire Hydrants	<u>1,350</u>	<u>2,100</u>	<u>8,820</u>
Total	\$49,695	\$84,550	\$288,230

Revenues and Expenses

Applicant proposes to furnish water service on a flat rate basis and asks that the tariff schedules presently effective in its Cordova Towne Tariff Area be authorized by the Commission to apply to water service in this area. Applicant's estimate of operating revenues and expenses are based upon such presently effective rates and past operating expenses for this same system. Applying these revenues and expenses to the area for which a certificate is requested, applicant estimates that operating revenues for its initial 12-month period of operation will approximate \$8,800 and that its operating expenses, including taxes and depreciation, will amount to \$6,800. Upon complete development of the proposed service area applicant estimates that annual revenues to be derived therefrom will approximate \$60,000 and that its operating expenses, including taxes and depreciation, will be \$42,000.

Financing

Applicant plans, at its own cost and expense, to purchase and install all "back-up" facilities required to serve the proposed area,

including such facilities as land, wells, pumping equipment, and tanks. The distribution facilities required to serve the area requested will be installed in accordance with, and pursuant to, applicant's main extension Rule No. 15, and refunds are to be made under the percentage of revenue method option of that rule.

Franchise

Applicant has been granted a franchise by the County of Sacramento (Ordinance No. 542 adopted August 6, 1956) to construct and operate a water system for a period of fifty years. This franchise, granted in accordance with the Broughton Act of 1905, provides for the annual payment to Sacramento County equivalent to two per cent of the gross receipts arising from the use, operation or possession of the franchise.

Findings and Conclusions

The Commission has given consideration to this matter and is of the opinion that a public hearing is not necessary. Applicant's distribution facilities, as proposed, appear to be properly designed to ultimately furnish adequate water service in the area sought and to meet the requirements of this Commission's General Order No. 103.

To provide for reasonable continuation of an adequate supply of water in case of failure of the initial single well source, proposed for Unit 1, 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.

It appears that 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. The Commission finds, and so concludes, that public

convenience and necessity require that a certificate be granted for (1) the construction and operation of a water system in the area sought, and (2) the exercise of the rights and privileges granted under Ordinance No. 542 of the County of Sacramento in said area. The certificates hereinafter granted 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 these certificates of public convenience and necessity or the right to own, operate or enjoy such franchise or certificates 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, certificates of public convenience and necessity, or right.

O R D E R

IT IS HEREBY ORDERED that:

A. Citizens Suburban Company, a corporation, is hereby 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 Panorama Village Subdivision and adjacent area thereto as more particularly described as follows:

Commencing at the intersection of Middle Jackson Road and Folsom Boulevard, extending northeast along Folsom Boulevard to the intersection of Mayhew Road, thence north along Mayhew Road to the American River; and south and west along the American River to the intersection of the west boundary of Section 12, R5E, T8N; then south along the east boundary of Section 12 to the point of beginning.

B. Citizens Suburban Company, a corporation, is hereby granted a certificate of public convenience and necessity to exercise the rights and privileges granted by the County of Sacramento by Ordinance No. 542 adopted August 6, 1956, within the area above described and in areas hereafter to be served through extensions of its existing

system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code.

The Commission may hereafter by appropriate proceeding and order limit the authority herein granted to applicant as to any territory within said county not then being served by it.

IT IS HEREBY FURTHER ORDERED that:

1. The certificates granted in the foregoing paragraphs 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 its proposed initial single well 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, after compliance with paragraph 1 of this order, to apply in the area certificated herein its tariff schedules presently effective in its Cordova Towne Tariff Area.

3. Within thirty days after compliance with paragraph 1 of this order, applicant shall file in quadruplicate with this Commission 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 Cordova Towne tariff schedules to the area certificated herein. Such revised tariff sheets shall become effective upon five days' notice to the Commission and 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 400 feet to the inch, delineating by appropriate markings the tract 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 accruals for depreciation by dividing the original cost of the utility plant less the estimated future net salvage less depreciation reserve by the estimated remaining life of the plant. Applicant shall review the accruals as of January 1 following the date service is first furnished 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 this Commission.

6. 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 a permit.

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 30th day of August, 1960.

Ernest W. Page
 President

[Signature]

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Commissioners