

Decision No. 27586

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
GLEN OAK WATER CORPORATION,  
a corporation, for Certificate of  
Public Convenience and Necessity,  
for permission to issue its capital  
stock and for approval of its schedule  
of rates.

**ORIGINAL**  
Application No. 18433

Heaney, Price and Postel, by Norman W. Ambrose,  
for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Glen Oak Water Corporation applies for a certificate of public convenience and necessity to operate a water system in Oak View Home Gardens Subdivision No. 2, in Ventura County, and for authority to issue stock to Joseph Archambeault in exchange for the properties constituting the water system, and also requests the Commission to establish a schedule of rates to be charged for service rendered.

A public hearing in this matter was held before Examiner MacKall at Ventura.

The evidence shows that about the year 1928 Joseph Archambeault became the owner of all of the unsold portions of Oak View Home Gardens Subdivision No. 2 in Ventura County. Prior to his acquisition of the property, his predecessors in ownership had installed a distribution system to provide domestic water al-

though no source of supply was developed in the subdivision. Up to the present time, water has been secured from the water system serving an adjoining subdivision and distributed by applicant to consumers without charge. The supply from this subdivision is not sufficient to meet the demands of the two tracts, as a result of which Mr. Archambeault has drilled a well on his own subdivision, installed a pumping plant, and now desires to operate as a public utility.

The system consists of mains ranging from four inches to one inch in diameter, installed in 1927, a 12-inch cased well 146 feet deep, and a Pomona turbine pump. Work is now in progress installing an 84,000-gallon steel storage tank and a new 5-inch transmission main. The actual cost of the plant, together with the contracted work in progress of construction, will amount to \$8,567, of which amount \$4,167 was submitted as the reproduction cost new less depreciation of fifty per cent covering facilities already in place at the date of the filing of this application, April 26, 1934.

C.F. Mau, one of the Commission's engineers, appraised the properties in place upon the basis of historical cost at \$6,854, to which should be added \$4,399 for the uncompleted facilities, including an allowance for the installation of fifty-four meters. This makes a total of \$11,253.

The company, not yet having operated its complete plant, could furnish no data on maintenance and operating costs. The Commission's engineer, however, estimated the reasonable annual operating expenses to be \$1,150 per year, including an allowance for a depreciation annuity of \$160 computed by the five per cent sinking fund method.

Consumers of Gardens Water Corporation, a public utility water system serving the adjoining tract known as Oak View Home

Gardens Subdivision No. 1, are charged the following meter rates:

Monthly Minimum Charges:

5/8-inch meter-----	\$1.50
3/4-inch meter-----	2.00
1-inch meter-----	3.00
1 1/2-inch meter-----	3.50
2-inch meter-----	5.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rates:

From 0 to 2,000 cubic feet, per 100 cubic feet-----	\$0.20
From 2,000 to 10,000 cubic feet, per 100 cubic feet-----	.17 1/2
All over 10,000 cubic feet, per 100 cubic feet-----	.15

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The application contains a suggested rate schedule (Exhibit "G") which is considerably lower than the one cited above. However, at the time of hearing applicant amended its application to make its suggested schedule conform to the above schedule authorized by the Commission for Gardens Water Corporation.

The evidence shows that, with the exception of water heretofore purchased from the inadequate supply of Gardens Water Corporation, the residents of Subdivision No. 2 have no source of supply other than that now being provided by the applicant. Tests show this supply to be wholly adequate to satisfy present and future demands for some time to come.

A number of the consumers were present at the hearing but no protest was made against the issuance of a certificate of public convenience and necessity or the establishment of a reasonable rate for service.

The Board of Supervisors of Ventura County has granted to Glen Oak Water Corporation a permit to lay water pipes in specifi-

cally described streets of Oak View Home Gardens Subdivision No. 2. Applicant also has filed a stipulation with this Commission, as a part of the record herein, in which it agrees that no value 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, permit or right will ever be claimed before the Railroad Commission or any other public body.

In exchange for the properties described in this Opinion, Glen Oak Water Corporation proposes to issue to Joseph Archambeault forty-one (41) shares of stock (\$4,100 par value) or such other amount of stock as this Commission may deem reasonable. In addition, applicant desires to issue stock to Mr. Archambeault to reimburse him for money advanced to complete the water system. We have considered applicant's request and believe that it should be permitted to issue not more than \$8,500 par value of common stock.

It appears that it will be to the best interests of the public to issue a certificate of public convenience and necessity as prayed for herein. Although a rate schedule cannot be prepared from complete operating data, the one authorized in the Order following is deemed fair and reasonable and intended to provide a fair return on applicant's fixed capital in operation.

#### O R D E R

Application having been made to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

It is hereby declared by the Railroad Commission of the

State of California that public convenience and necessity require and will require Glen Oak Water Corporation to acquire, construct, maintain, and operate a public utility water system in the area described in Exhibit "E" filed with the application in this proceeding and made a part of this Order by reference, and to exercise the rights and privileges granted to it by the Board of Supervisors of Ventura County on January 5, 1934 (Exhibit "F").

IT IS HEREBY ORDERED that Glen Oak Water Corporation be and it is hereby directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all service rendered subsequent to the 30th day of November, 1934.

METER RATES

Monthly Minimum Charges:

5/8-inch meter-----	\$1.50
3/4-inch meter-----	2.00
1-inch meter-----	3.00
1 1/2-inch meter-----	3.50
2-inch meter-----	5.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates."

Monthly Quantity Rates:

From 0 to 2,000 cubic feet, per 100 cubic feet-----	\$0.20
From 2,000 to 10,000 cubic feet, per 100 cubic feet-----	.175
All over 10,000 cubic feet, per 100 cubic feet-----	.15

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IT IS HEREBY FURTHER ORDERED that Glen Oak Water Corporation be and it is hereby directed to file with the Railroad Commission,

within thirty (30) days from the date of this Order, rules and regulations governing relations with its consumers, said rules and regulations to become effective upon their acceptance for filing by the Railroad Commission.

Application further having been made for an order authorizing the issue of stock by Glen Oak Water Corporation and the Commission being of the opinion that the issue of \$8,500.00 of stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY FURTHER ORDERED that Glen Oak Water Corporation be and it is hereby authorized to issue, after the effective date hereof and on or before June 30, 1935, at not less than par, not exceeding \$8,500.00 of its common capital stock in payment for the water system referred to in the foregoing Opinion and reimburse Joseph Archambeault for money expended or to be expended for capital additions necessary to complete said water system for operation, provided:

1. That applicant keep such record of the issue of stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report, as required by the terms of the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order; and
2. That applicant file with the Commission, within sixty (60) days after acquiring the said water system, a copy of the deed, or deeds, of conveyance by which it received title thereto.

IT IS HEREBY FURTHER ORDERED that the application, in so far as it involves the issue of stock in excess of \$8,500.00,

be and it hereby is dismissed without prejudice.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 19<sup>th</sup> day of November, 1934.

Leon C. White  
W. J. Lee  
M. B. Harris  
W. H. Harris  
Frank R. Dulin  
Commissioners.