

Decision No. 48083

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Evergreen Service Company, a)
California Corporation, to operate a water)
utility at Evergreen Acres Tract, a subdivis-)
ion, Santa Barbara County, California; and to)
obtain Certificates of Public Convenience and)
Necessity; under the Public Utilities Code) Application No. 33745
Section 1001, for a certificate to begin con-)
struction of a water system; under Sections)
1003-1005 for an order to permit to exercise)
Franchise Rights not yet secured; and under)
Sections 816-830 to issue stock.)

F. R. Anderson, president, for applicant;
R. H. Knaggs, for the Commission staff.

O P I N I O N

Evergreen Service Company, a corporation, by the above-entitled application filed September 22, 1952, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in a proposed subdivision to be known as Evergreen Acres Tract in unincorporated territory about 3 miles south of the City of Santa Maria, Santa Barbara County. The establishment of rates and authority to issue stock are also sought. The application was amended at the hearing by the filing of Exhibit No. 2 which changes the estimated total cost of the completed water system from \$25,000, as shown in the application, to \$40,000. It also changes the proposed rates from a minimum charge of \$3 for the first 2,000 cubic feet of water used and \$0.10 per 100 cubic feet for all water used in excess of the minimum, to a minimum charge of \$2.25 for the first 1,000 cubic feet and \$0.15 per 100 cubic feet for water used in excess of the minimum.

A public hearing in this matter was held before Examiner Warner on December 2, 1952, in Santa Maria. There were no protests to the granting of the application.

Corporate Information

Applicant's Articles of Incorporation were filed with the Secretary of State on August 7, 1952. Its directors are F. R. Anderson, R. D. Anderson and Nan M. Anderson of Santa Maria, and Alberta S. Anderson of Santa Ana. Principal offices are on Dal Porto Road, Santa Maria. It has an authorized capital stock of 750 shares of the par value of \$100 per share and an aggregate par value of \$75,000. In this application applicant proposes to sell and issue four shares of its capital stock, one share to be sold to each director. The stated purpose of the sale of such stock is to provide capital for the expense of operation until such time as revenues accrue.

Water System Operations

Applicant's principals are the sole partners of Evergreen Realty Company,^{1/} a partnership, which owns and proposes to subdivide a parcel of 95 acres of land located 3 miles south of Santa Maria between the state highway on the west, Hillview Road on the east, Winter Road on the north and Lakeview Road on the south, as shown on the map attached to the application as Exhibit B. The proposed service area is more particularly delineated by a green line on the map filed at the hearing as Exhibit No. 3. It comprises 213 lots. The realty company has drilled a 16-inch well on Lot 17, Block I. This well is 433 feet deep with a static water level of 243 feet. A 20 hp electric motor direct connected to a deep well turbine pump is installed therein. The production

1/ Hereinafter referred to as the realty company.

capacity of the presently installed pumping plant is 200 gallons per minute. However, the well was tested in July, 1952, and it has a tested capacity of 1,500 gallons per minute with a 15-foot drawdown. The realty company has also erected a 40-foot steel water tank, with a capacity of 52,500 gallons, on the well site property. The dimensions of such property are 50 feet by 56 feet. The realty company proposes to deed this property, together with a 6-foot alley easement, to applicant.

No distribution pipe lines have been installed but 200 feet of 8-inch, 6,650 feet of 6-inch, and 7,450 feet of 4½-inch steel pipe are now on order by the realty company and are in stock awaiting shipping instructions. In conjunction with the installation of the distribution system by the realty company, 12 fire hydrants will be installed. No charge for fire hydrant service is proposed until and unless applicant effects an agreement with the Santa Barbara County Fire Department, or some other authorized political subdivision.

The record shows that the water pressure expected to be maintained in some of the areas of the subdivision will be below that which is considered to be reasonable for the type of subdivision planned. Applicant's witness testified that should this be experienced upon installation of the distribution system, applicant would immediately install automatically controlled facilities for maintaining adequate pressures. The order that follows, however, will require that such facilities be installed at the time of installation of the distribution system as a condition to the grant of a certificate.

From a review of the record it is evident that the sources of water supply, the water production and storage facilities

installed, and the distribution system proposed to be installed are adequate to serve the proposed area, except as to distribution pressures discussed above.

Since distribution pipe lines will be installed in streets prior to their dedication and easement rights will be granted to applicant, no franchise has been required by Santa Barbara County.

Financing

The application shows that Evergreen Service Company will not finance the costs of installation but will supervise the construction work and will conduct the operation of the business, and that Evergreen Realty Company, a partnership whose members are identical with the officers of applicant, is subdividing the service area and will pay all costs necessary to complete the water system. The members of the partnership have filed their financial statements showing their assets, liabilities and net worth as of December 1, 1952, which indicate that they are in a position, financially, to construct and maintain the water system facilities.

Rates

The rates for water service proposed by applicant do not appear to be excessive for initial operations and they will be authorized by the order which follows. Provision will be made, however, for a scale of minimum charges applicable to meters of various sizes.

Conclusion

The Commission has considered the application of Evergreen Service Company for a certificate of public convenience and

necessity and is of the opinion that it should be granted 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.

The action taken herein shall not be construed to be a finding of the value of the property herein described.

O R D E R

Application as above entitled having been filed and amended at the hearing, a public hearing having been held, the matter having been submitted, the Commission being fully advised in the premises, and now being ready for decision;

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require that Evergreen Service Company, a corporation, be granted a certificate of public convenience and necessity to construct and operate a public utility water system in the proposed subdivision to be known as Evergreen Acres comprising 95 acres to be subdivided into 213 lots and located about 3 miles south of Santa Maria, Santa Barbara County, in the area delineated by a green line on the map filed at the hearing as Exhibit No. 3; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted Evergreen Service Company to construct and operate a public utility water

system for the distribution and sale of water within the territory hereinabove described, subject, however, to the following condition:

That applicant shall provide such automatically controlled facilities and/or other appropriate equipment as is necessary for the maintenance of adequate pressures (not less than 25 pounds per square inch at consumers' service connections) throughout the entire service area being certificated hereinabove at the time of the installation of the distribution system.

IT IS HEREBY FURTHER ORDERED that applicant:

1. Shall file the rates set forth in Exhibit A attached to this order, to be effective on or before the date service is rendered to the public, together with rules and regulations and tariff service area map acceptable to the Commission and in accordance with the requirements of General Order No. 96.
2. Shall notify this Commission, in writing, of the completion of the system and in the manner ordered relative to distribution pressures for which this certificate is conditionally granted, within thirty (30) days thereafter.
3. Shall file within forty (40) days after the system is placed in operation four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of the various properties of applicant.
4. Shall notify this Commission, in writing, of the completion of the transfer of the water system properties from the Evergreen Realty Company to the Evergreen Service Company, within thirty (30) days thereafter.

5. Be, and it is, authorized to issue and sell at par, for cash, stock in the amount of \$400 and to use the proceeds for working capital for the improvement or maintenance of its service, the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required by applicant for the purposes herein stated, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. Applicant shall file a report of the issue of its stock as required by the Commission's General Order No. 24-A.

The authorization herein granted will lapse if not exercised on or before June 30, 1953.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 22nd day of December, 1952.

R. J. [Signature]
President.
Justus F. [Signature]
Harold H. [Signature]
[Signature]
[Signature]
Commissioners.

EXHIBIT A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all measured water service.

TERRITORY

Throughout the authorized service area in Evergreen Acres Tract, in unincorporated territory, about 3 miles south of the City of Santa Maria, Santa Barbara County.

RATES

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cu. ft. or less.....	\$2.25
Over 1,000 cu. ft., per 100 cu. ft.....	.15

Minimum Charge:

For 5/8 x 3/4-inch meter.....	\$ 2.25
For 3/4-inch meter.....	4.00
For 1-inch meter.....	5.50
For 1½-inch meter.....	7.50
For 2-inch meter.....	10.00
For 3-inch meter.....	15.00
For 4-inch meter.....	25.00

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.