

ORIGINALDecision No. 50508

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BOUQUET CANYON WATER CO.,)
 a California corporation, for a certifi-)
 cate of public convenience and necessity)
 to operate as a public utility water)
 corporation; for a preliminary order)
 relating to the exercise of county fran-)
 chise rights, and for authority to issue)
 stock.)

Application No: 35433

Appearances for Applicant: Gordon, Knapp & Gill,
 attorneys, by Wyman C. Knapp.

Interested Parties in support of the application:
 Los Angeles Home Company, by Robert E. Roskopf,
 attorney; Kiru, Inc., operators of Circle J Ranch;
 by Milton A. Krug, attorney; Thatcher Glass Mfg.
 Co., by J. B. Miller.

Commission Staff: James F. Wilson, Reginald H.
Knaggs, and Robert H. Shirley.

O P I N I O N

Bouquet Canyon Water Co., a corporation, by the above-entitled application filed May 12, 1954, seeks a certificate of public convenience and necessity to extend its water system in its Bouquet Canyon Division, and to construct and operate a public utility water system in its Saugus Division in unincorporated territory, Los Angeles County, in the areas delineated on the maps, Appendix A and Appendix B attached to the application. Authority is also sought to issue stock to finance estimated construction and for working capital and other capital contingencies. Further, applicant requested the Commission to make an order declaring that after applicant has obtained a franchise from the County of Los Angeles, the Commission upon supplemental application being filed, will issue a certificate authorizing the exercise of such franchise upon such terms and conditions as it may designate.

A public hearing in this matter was held before Examiner Stewart C. Warner on August 9, 1954, at Los Angeles. There were no protests to the granting of the application.

General Information

By Decision No. 42624, dated March 22, 1949, in Application No. 29980, applicant was granted a certificate of public convenience and necessity to operate as a public utility water corporation, to exercise franchise rights, and to issue stock. Said certificate covered an area of approximately 223 acres in the vicinity of San Francisquito Canyon Road, north of Bouquet Canyon Road, and has been designated as applicant's Bouquet Canyon Division. As of July 1, 1954 water service was being furnished in this division to 76 domestic consumers, and 36 residences were under construction. The area included Tracts Nos. 15543, 15721, and 15941, Los Angeles County.

By the instant application applicant proposes to extend its service area into Tract No. 19419, comprising 5 lots, a tentative extension of Tract No. 19419 comprising 14 lots, Tract No. 17953 comprising 43 lots, and into other proposed future subdivisions and territory owned or controlled by Bonelli Cattle Co.^{1/} The additional area requested to be certificated comprises approximately 580 acres, for a total of approximately 800 acres in the Bouquet Canyon Division.

Applicant also proposes to construct and operate a water system in its Saugus Division, located directly adjacent to the

^{1/} Officers and directors of Bonelli Cattle Co., a family corporation of the Wm. G. Bonelli family, own or control all of applicant's issued and outstanding capital stock.

town of Saugus and extending north and south thereof for a distance of approximately 3 miles on the east side of the Southern Pacific Railroad right of way. This division comprises approximately 1,500 acres of land, on which are located the Circle J Ranch, the Thatcher Glass Mfg. Co. plant, a portion of 500 acres of land owned by Los Angeles Home Co. in Tracts Nos. 1801 and 1079, and land owned by Bonelli Cattle Co. or affiliated interests.

Bouquet Canyon Division

Source of Water Supply

The source of water supply for the Bouquet Canyon Division is a well operated by Bonelli Cattle Co. Exhibit No. 13 is a copy of a proposed contract between the cattle company and applicant for the sale of the well's entire water supply. Exhibit No. 7 is a copy of a test of this well dated April 20, 1954, showing a production capacity of 957 gallons per minute. Water is transmitted from the well through a 12-inch steel pipeline owned by the cattle company to two storage tanks owned by applicant. The tanks have a total storage capacity of 88,000 gallons. From said tanks water is transmitted through 8-inch and 6-inch mains throughout the distribution system. Eight fire hydrants are installed in the Bouquet Canyon Division, and Exhibit No. 15 is a copy of an agreement, dated June 30, 1953, between the Newhall County Fire Protection District and applicant, which provides for the installation and maintenance of fire hydrants at the district's cost.

The record shows that Bonelli Cattle Co. proposes to develop the northeast intersection of Bouquet Canyon Road and San Francisquito Canyon Road as a commercial center, and commercial water service will be required at that location.

From a review of the record it appears that the sources of water supply, storage facilities, and transmission and

distribution pipelines installed and proposed to be installed by applicant in its Bouquet Canyon Division are adequate to serve the proposed area. Exhibit No. 9 is a copy of a letter from the Los Angeles County Health Department, dated August 4, 1954, which indicates that the source of water supply to the Bouquet Canyon Division was tested on July 27, 1954 and found to be free from contamination.

Saugus Division

Source of Water Supply

Applicant's present source of water supply for its proposed Saugus Division is the purchase of treated water from the Southern Pacific Railroad at Saugus under a temporary agreement. The railroad owns and operates a 5,000-barrel steel water tank, into which water is pumped through 6-inch pipelines from two wells owned by the railroad in or adjacent to its right of way passing through the town of Saugus. Water is delivered from the storage tank through a 12-inch pipeline to the railroad right of way and to the Thatcher Glass Mfg. Co. plant in the vicinity. Due to the conversion by the railroad of its steam locomotive operations to diesel, the railroad has large quantities of surplus water for sale to applicant.

Exhibit No. 14 is a copy of an option agreement, dated August 4, 1954, which provides for the purchase by applicant, from Bonelli Cattle Co. for \$3,000 within 6 months, of the southeast 2,500 square feet of Lot 19, Tract No. 1801, Los Angeles County, together with all water and water rights underlying Lots 18 and 19 of said tract. A well and pumping plant with production capacity of 525 gallons per minute are located on this property. The record shows that applicant intends to exercise this option.

The record also shows that applicant intends to install approximately 5,800 feet of 8-inch transite pipeline and two 100,000-gallon storage tanks in connection with the immediate development of the water system of its proposed Saugus Division. A witness for the Circle J. Ranch testified that said ranch expected to construct a

golf course on its property, and a witness for Los Angeles Homes Co. testified that said company planned to subdivide and develop its 500 acres of land in the vicinity.

From a review of the record it appears that the present and proposed sources of water supply, storage facilities, and transmission and distribution pipeline installations are adequate to serve applicant's Saugus Division.

Rates

Applicant proposes to apply its presently filed rates for general metered service in the extension of its Bouquet Canyon Division and in its proposed Saugus Division. Approval of monthly minimum charges for larger meters is requested as follows:

For 3-inch meter	\$15.00
For 4-inch meter	25.00
For 6-inch meter	40.00

A rate for fire sprinkler service is requested as follows:

	<u>Per Month</u>
Unmetered fire sprinkler service per diameter inch of main	\$ 1.00

Applicant also proposes the establishment of a rate for fire protection service as follows:

	<u>Per Month</u>
Standby charge per hydrant ...	\$ 1.00

The afore-mentioned requested tariff filings appear to be reasonable and will be authorized by the order which follows.

Issuance of Stock

Applicant requests authority to issue within the next 12 months 3,890 shares of its no par common capital stock at \$10 per share for cash to its officers and directors. The cash realized from the sale of stock would be utilized for the purchase and installation of 52 meters and services, \$3,158; one 6-inch industrial line including connection, valves, and compound meter, \$1,500;

5,756 feet of 8-inch transite main, \$17,268; two 100,000-gallon storage tanks (Saugus Division) \$7,000; and two 50,000-gallon storage tanks (used) (Bouquet Canyon Division) \$4,500; for a total of \$33,426, leaving \$5,474 for working capital and other capital contingencies.

Conclusion

The Commission has considered the application of Bouquet Canyon Water Co. for a certificate of public convenience and necessity to extend its public utility water system in its Bouquet Canyon Division, and covering its proposed Saugus Division, 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 Commission is also of the opinion that public convenience and necessity require it to make an order declaring that upon applicant's filing a supplemental application to which is attached a copy of the franchise issued by the Board of Supervisors of the County of Los Angeles, the Commission will issue a certificate of public convenience and necessity authorizing applicant to exercise such franchise upon such terms and conditions as the Commission may designate.

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

Applicant's request for permission to issue stock will also be authorized by the order which follows.

O R D E R

Application as above-entitled having been filed, 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 Bouquet Canyon Water Co., a corporation, be granted a certificate of public convenience and necessity to extend its water system in its Bouquet Canyon Division in the area shown on the map attached to the application as Appendix A, and to construct and operate a public utility water system in its Saugus Division in the area shown on the map attached to the application as Appendix B, in unincorporated territory, Low Angeles County; therefore,

IT IS HEREBY ORDERED as follows:

1. That Bouquet Canyon Water Co., a corporation, be and it is granted a certificate of public convenience and necessity to extend its water system and and to construct and operate a public utility water system in the areas described hereinabove.
2. That upon the filing by applicant of a supplemental application to which is attached a copy of the franchise issued by the Board of Supervisors of the County of Los Angeles, the Commission will issue a certificate of public convenience authorizing applicant to exercise such franchise upon such terms and conditions as the Commission may designate.
3. That applicant be, and it is, authorized to file in quadruplicate with this Commission, after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedules of rates shown in Appendix A attached hereto, and, on not less than five days' notice to the Commission and the public, to make such rates effective for services rendered on and after October 15, 1954.
4. That applicant shall file, within thirty days after the effective date of this order, in conformity with General Order No. 96, four sets of up-to-date rules governing relations with its customers, together with four copies of tariff service area maps for each of its divisions.
5. That applicant shall file, within forty days after the effective date of this order, four copies of comprehensive maps for each of its

Bouquet Canyon and Saugus Divisions drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served the principal water production, storage and distribution facilities; and the location of various properties of applicant.

- 6. That applicant shall base the accruals to depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.
- 7. That applicant be, and it is, authorized to issue 3,890 shares of its no par common capital stock at \$10 per share for an aggregate amount of \$38,900 for the purposes indicated in the opinion preceding this order, 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 and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
- 8. That Bouquet Canyon Water Co. shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order in so far as applicable is made a part of this order.
- 9. That the authority herein granted shall expire if not exercised on or before September 15, 1955.

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

Dated at San Francisco, California, this 3rd day of September, 1954.

John E. Mitchell
President

Justus J. Calver

Deane Duggins

Kenneth Potter
Commissioner....., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioners

APPENDIX A
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Schedule No. 2

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated territory in the vicinity of the junction of Bouquet Canyon Road and San Francisquito Canyon Road, designated as Bouquet Canyon Division, and the unincorporated territory in the vicinity of the Town of Saugus, designated as Saugus Division, Los Angeles County.

RATES

Quantity Rates:	Per Meter Per Month
First 1,100 cu.ft. or less	\$ 2.75
Next 900 cu.ft., per 100 cu.ft.20
Next 3,000 cu.ft., per 100 cu.ft.15
Over 5,000 cu.ft., per 100 cu.ft.12

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.75
For 1-inch meter	4.50
For 1 1/2-inch meter	7.00
For 2-inch meter	9.00
For 3-inch meter	15.00
For 4-inch meter	25.00
For 6-inch meter	40.00

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

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Schedule No. 3

FIRE SPRINKLER SERVICEAPPLICABILITY

Applicable to all fire sprinkler service.

TERRITORY

The unincorporated territory in the vicinity of the junction of Bouquet Canyon Road and San Francisquito Canyon Road, designated as Bouquet Canyon Division, and the unincorporated territory in the vicinity of the Town of Saugus, designated as Saugus Division, Los Angeles County.

RATES

	<u>Per Service</u> <u>Per Month</u>
For each inch of diameter of fire sprinkler service	\$1.00

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of installing the fire sprinkler service.
2. The maximum diameter of the fire sprinkler service will not be more than the diameter of the main to which the service is connected.
3. The customer's installation must be such as to effectively separate the fire sprinkler system from that of the customer's regular water service. As a part of the sprinkler service installation there shall be a detector check or other similar device acceptable to the Company which will indicate the use of water. Any unauthorized use will be charged for at the regular established rate for General Metered Service, and/or may be grounds for the Company's discontinuing the fire sprinkler service without liability to the Company.
4. There shall be no cross-connection between the fire sprinkler system supplied by water through the Company's fire sprinkler service to any other source of supply without the specific approval of the Company. This specific approval will require, at the customer's expense, a special double check valve installation or other device acceptable to the Company. Any such unauthorized cross-connection may be the grounds for immediately discontinuing the sprinkler service without liability to the Company.

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Schedule No. 4

FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service.

TERRITORY

The unincorporated territory in the vicinity of the junction of Bouquet Canyon Road and San Francisquito Canyon Road, designated as Bouquet Canyon Division, and the unincorporated territory in the vicinity of the Town of Saugus, designated as Saugus Division, Los Angeles County.

RATES

	<u>Per Month</u>
Per hydrant	\$1.00

SPECIAL CONDITIONS

1. The above rate includes use of water for fire fighting and for no other purpose.
2. The Company will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.