

ORIGINAL

Decision No. 56561

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ANTELOPE VALLEY WATER CO.,)
 a corporation, for authority to extend)
 its water system into additional areas,)
 to operate such extended system in public)
 utility water company service, and to)
 exercise rights under County Franchise.)

Application No. 39331
 As Amended

Sanford A. Waugh, for applicant.
Oran W. Palmer, for Desert Lake Community Services
 District; Ralph Abel, for International Chemical
 Workers Union, Local 285; Dale R. Holmes, for
 Boron Community District; and Lester L. Thomas,
 for Muroc Unified School District, protestants.
George K. Faulkner, M. D., for Boron Chamber of
 Commerce, and S. I. Berg, for Rosamond Water Co.,
 interested parties.
Donald B. Steger and R. H. Knaggs, for the Commis-
 sion staff.

O P I N I O N

The Antelope Valley Water Co. is a California corpora-
 tion conducting operations as a public utility water corporation in
 two separate areas in Los Angeles County and one area in Kern County.
 It now proposes to extend its operations into four separate and non-
 contiguous areas in Kern County.^{1/}

Public hearings were held in Lancaster, California, on
 December 11, 1957, and in Boron, California, on February 19, 1958.
 On the last-named date the matter was submitted. It now is ready for
 decision.

The Antelope Valley Water Co. is operated by William N.
 Taylor and Katie S. Taylor, his wife, who are the principal stock-
 holders. Its principal office is maintained in Lancaster. The

^{1/} Originally the application proposed service in five areas, but
 one of these was withdrawn subsequent to the filing of the origi-
 nal application.

evidence discloses no reason which would prevent the applicant from conducting these operations so far as financial ability and experience are concerned. Financial statements of the applicant are attached to the application.

There was no opposition to the establishment of service in two of the four areas. These areas include one designated as B-3 which consists of approximately 60 acres of land located about nine miles west of the community of Rosamond in Kern County and more particularly described as the south three-quarters of the east half of the southeast quarter of Section 18, Township 9 north, Range 12 west, S. B. B. & M. The other was designated as area B-5 and comprises about 640 acres of land located approximately eight miles south and west of the community of Cantil in Kern County, and more particularly described as the west half of Section 28 and the east half of Section 29, all in Township 31 south, Range 37 east, M. D. B. & M.

Areas B-3, B-5 and B-2

In area B-3 there is one well capable of producing 165 gallons per minute. There is an existing distribution system with a 5,000-gallon pressure tank. It is anticipated that the system will serve 40 residential and 4 commercial lots, and at the present time there are 2 commercial and 3 residential customers actually receiving water. The applicant proposes the installation of additional distribution mains inasmuch as some of the existing mains do not meet the minimum specifications of General Order No. 103.

In area B-5 there is a well with a capacity of 1,590 gallons per minute. However, no pumping equipment, storage or pressure tanks, or distribution mains have been installed. Part of the area has been divided into 245 lots, but as yet no services are being provided.

Of the remaining two areas for which authority is requested, one, designated as area B-2, comprises approximately 120 acres of land located about six miles west of the community of Boron and one-quarter mile north of Highway 466. It is more particularly described as Tract 1984 of Section 27, Township 11 north, Range 9 west, S.B.B. & M. This area has been subdivided into 408 lots, and approximately 50 residences have been constructed thereon.

Water is obtained from a well which has a capacity of 477 gallons per minute. A distribution system has been constructed consisting of a 50,000-gallon steel storage tank, a 5,000-gallon pressure tank, the necessary pumping equipment and the service pipes.

There is no existing service other than that described in these three areas, and there was no particular opposition to the applicant providing service in these areas. As a matter of fact, the subdividers in each area testified that they desired and needed applicant's services. However, as to area B-2, some testimony was presented to the effect that this area might eventually be connected with area B-1 which will be described hereinafter. Further, it was disclosed that there may be a possibility of a water district providing water service in areas B-2 and B-1.

However, this record discloses that as of the present time there are no immediate plans for a water district so far as area B-2 is concerned. Likewise the record discloses that there is a present need for water service in each of these three areas. Therefore, considering all of the evidence in this proceeding, we find that public convenience and necessity require the installation and operation of public utility water service by the applicant, and as to areas B-2, B-3 and B-5, the application will be granted in ensuing order.

In each of these areas William N. Taylor has entered into an agreement with a subdivider for acquisition of the water system facilities. Each agreement provides for refunding the cost of such facilities to the subdivider over a period of 20 years at 22 per cent

of gross revenues from the water system, either by the utility corporation or by William N. Taylor, as an individual. It is obvious that a new utility should not assume such an obligation and the Antelope Valley Water Co. will not be authorized to so do.

Area B-1:

A special problem was presented by the testimony relative to area B-1. This area comprises approximately 900 acres of land located about three miles west of the community of Boron in Kern County and more particularly described as the north half of Section 34 and that portion of Section 35 lying north of U. S. Highway 466, all in Township 11 north, Range 8 west, S. B. B. & M. At the time of the second hearing approximately 150 residences had been constructed in this area, together with a motel and certain shopping facilities. Likewise there are immediate plans to construct a school and other buildings.

The water supply in area B-1 is obtained from a well which can produce 153 gallons per minute. There is a 2,000-gallon pressure tank and a distribution system which has been installed by the subdivider.

At the second hearing testimony was presented to the effect that a water district has been formed which encompasses all of area B-1 except the northwest quarter of Section 34. The testimony further discloses that there are no residences or other structures in this northwest quarter of Section 34, and that the subdivider of area B-1 participated and assisted in the formation of the water district. This subdivider presented testimony at the hearing and expressed no opposition to the receipt of water from the district, and he further stated that he was willing to accept water from a utility should the applicant receive the requested authority in this area.

The evidence discloses that the district has been formed as the result of an election which was approved by the Board of Supervisors of Kern County, and on January 30, 1958, a resolution was filed with the Secretary of the State of California legally creating a water district. It is the intention of the officers of this district to operate the sewer system as well as the water distribution system. While the applicant expressed a willingness and a desire to provide service to this B-1 area, it now appears that it would be an idle act to grant a certificate to a utility since the water district has been formed and intends to operate the water distribution system. Accordingly the application as to this area will be denied.

Rates

The record discloses the rates proposed to be charged in these areas. An examination thereof discloses that they are the same as the rates now on file with the Commission for other areas in which a certificate of public convenience and necessity has been granted to this applicant. Accordingly, these proposed rates will be adopted herein for areas B-2, B-3 and B-5.

Franchise

A franchise has been granted to the applicant by the County of Kern, State of California, permitting the use of public streets and thoroughfares within any portion of Kern County for the laying of water pipelines and facilities to be utilized in public utility water service by applicant. Authority to exercise this franchise under the provisions of Section 1002 of the Public Utilities Code will be granted in the ensuing order for areas B-2, B-3 and B-5.

Findings

The ensuing order is based upon a finding, which we now make after a consideration of all of this record, that the proposed operations in areas B-2, B-3 and B-5 are justified by the present

and future public convenience and necessity and that public convenience and necessity require the exercise by applicant of the franchise rights and privileges granted by the County of Kern.

The certificate is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the franchise involved herein or this certificate of public convenience and necessity or the right to own, operate or enjoy such franchise or certificate 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, certificate of public convenience and necessity or right.

The Commission finds as a fact and concludes that, in order that applicant shall not over extend its water systems beyond its sources of water supply and its financial abilities, the public interest requires that applicant be ordered not to extend its water system outside the boundaries of the area hereinafter certificated without further order of the Commission.

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

O R D E R

Application having been filed, public hearings having been held thereon, and the Commission having made the foregoing findings and based upon such findings,

IT IS ORDERED:

1.a. That the Antelope Valley Water Co., a corporation, be and it hereby is granted a certificate of public convenience and necessity to construct and operate a public utility water system in the following described areas:

B-2: Tract No. 1984 of Section 27,
Township 11 north, Range 9 west,
S.B.B. & M.

B-3: The southwest three-quarters of the east half of the southeast quarter of Section 18, Township 9 north, Range 13 west, S.B.B. & M.

B-5: The west half of Section 28 and the east half of Section 29, all in Township 31 south, Range 37 east, M.D.B. & M.

b. That the herein authorization is subject to the condition precedent that applicant shall certify to the Commission in writing that it will assume no obligations for refund with respect to the water system properties described in the preceding opinion.

c. That applicant shall not extend its water service outside the areas certificated herein without further order of the Commission.

2.a. That applicant is authorized to apply, after the effective date of this order, its presently effective tariff schedules in its Lancaster Tariff Area to area B-3 certificated herein; and its presently effective tariff schedules in its Inyokern Tariff Area to areas B-2 and B-5 certificated herein.

b. That applicant shall, after the effective date of this order, and in accordance with the procedure prescribed by General Order No. 96, revise its presently filed tariff schedules, including tariff service area maps, to provide for the application of its Lancaster Tariff Area schedules in area B-3 and its Inyokern Tariff Area schedules in areas B-2 and B-5, such revised tariff schedules to be effective on or before the date service is first furnished in the areas certificated herein. In the revised rate schedules under the subtitle TERRITORY, the consolidated areas shall be described as indicated:

- (x) Lancaster Tariff Area
The unincorporated area comprising Tract No. 2026 and vicinity, located approximately 9 miles west of the community of Rosamond, Kern County; and the unincorporated areas located respectively 4 miles southwest and 13 miles northeast of the community of Lancaster, Los Angeles County.

(y) Inyokern Tariff Area

The unincorporated areas comprising (1) Tract No. 1984 and vicinity, located approximately 6 miles west of the community of Boron, (2) Tract No. 2011 and vicinity, located approximately 8 miles southwest of the community of Cantil and (3) the territory adjacent to State Highway No. 112, approximately 2 miles east of the community of Inyokern, Kern County.

No increases in the present lawfully filed rates and rules shall be made unless authorized by this Commission. Such rates, rules, and tariff service area maps shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

c. Applicant shall notify this Commission, in writing, of the date service is first furnished to the public under the rates and rules authorized herein, within ten day thereafter.

3. That applicant shall file, within forty days after each system is first placed in operation under the rates and rules authorized herein, four copies of comprehensive system maps drawn to an indicated scale not smaller than 500 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 in each area herein certificated.

4. Within sixty days after the system is first placed in operation under the rates and rules authorized herein, Antelope Valley Water Co. shall prepare and submit to this Commission a plan for the replacement of water mains in area B-3 so as to comply with the minimum specifications of General Order No. 103.

5. That 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 the plant. Applicant shall review the accruals as of

January first of the year following the date service is first rendered 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. The authority herein granted will lapse if not exercised within one year from the effective date hereof.

IT IS FURTHER ORDERED:

(1) That a certificate of public convenience and necessity be and it hereby is issued to the Antelope Valley Water Co. for authority to exercise the rights granted to it by the franchise granted by Kern County by its Ordinance No. F-47, granted on July 23, 1957.

(2) That Antelope Valley Water Co. shall not exercise said franchise for the purpose of supplying water in those portions of Kern County not now served by it except in areas B-2, B-3 and B-5 hereinbefore described or after authority has been first obtained from the Commission for extension of such systems beyond said areas.)

(3) That 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.

(4) That the application, as amended, except as specifically herein granted, be, and it is denied.

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

Dated at San Francisco, California, this 2nd day of April, 1958.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners