

ORIGINAL

Decision No. 57232

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 Pub- lic Utility Water Company Service, and to Exercise Rights under County Franchise.)))))	Application No. 39968 Amended
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Sanford A. Waugh, attorney for applicant.
A.L. Gielegem and Donald B. Steger, for the
 Commission staff.

O P I N I O N

Antelope Valley Water Co., a corporation, by the above-entitled application, filed April 1, 1958, seeks authority to extend its water system into Tract No. 2046, comprising 204 lots; into Tract No. 2047, comprising 26 lots; and into an area comprising 15 acres adjoining Tract No. 2047 on the west thereof in unincorporated territory of Kern County, approximately 18½ miles east of Mojave, adjacent to Claymine Road and Highway 466. The area sought to be certificated is located 2 miles east of the north gate of Edwards Air Force Base and about 1300 feet west of the southwest corner of applicant's area B-2, its so-called "Omart" area, which was certificated to applicant by Decision No. 56561, dated April 22, 1958, in Application No. 39331, amended. The proposed areas herein being considered are more particularly delineated on the maps Exhibit "C-1" and "C-2" attached to the application. By an

amendment filed June 12, 1958, a certificate of public convenience and necessity is requested by applicant to extend its water system into Tracts Nos. 2107, 2108, 2109, 2110, 2111, 2112, and 2113, comprising approximately 569 lots in toto and contiguous on the south, east and southeast, to Tract No. 2046, and, on the west, to Tract No. 2047. All of the tracts and properties hereinbefore described are designated as the "Carlsberg" properties. In the amendment to the application, authority is also sought by applicant to extend its water system into the so-called "Morse" properties, which comprise Tract No. 2012, Kern County, and are located in unincorporated territory of said county about 9 miles west of Rosamond and 660 feet northeast of applicant's area B-3, its so-called "Panzich" area, which was certificated to applicant by Decision No. 56561, supra. Authority is also sought to exercise the rights and privileges of a franchise granted to applicant by Kern County Ordinance No. F-47, on July 23, 1957, as such franchise would apply to areas sought to be certificated herein.

A public hearing on this matter was held before Examiner Stewart C. Warner on July 18, 1958, at Lancaster. There were no protests to the granting of the application.

General Information

By Decision No. 54854, dated April 16, 1957, in Application No. 38284, amended, applicant was granted a certificate of public convenience and necessity to construct and operate public utility water systems in its Areas A, B and C in unincorporated territory of Los Angeles and Kern counties in Antelope Valley and in the China Lake areas. By Decision No. 55805, dated November 12, 1957, in

First Supplemental Application No. 38284, applicant was authorized to exercise the rights and privileges of franchises granted it by Los Angeles County Ordinance No. 7201, adopted August 6, 1957, and Kern County Ordinance No. F-47, granted on July 23, 1957. By Decision No. 56561, supra, applicant was restricted from exercising the rights granted by Kern County Ordinance No. F-47 for the purpose of supplying water in those portions of Kern County not then being served by it, except in Areas B-2, B-3 and B-5, without first obtaining authority from the Commission to exercise such rights.

Applicant's Area B-2, its "Omart" area, comprises 408 lots, and water service is being furnished in said area to 55 customers.

The record shows that ten foundations for houses have been poured in Tract No. 2046 and that the subdivider Carlsberg plans to start 25 houses in the next two or three weeks. Said subdivider estimated that some 7200 people are driving back and forth to Edwards Air Force Base from Lancaster and Palmdale, daily. This witness testified that there has been a lack of housing in the area of the Base due to a lack of financing; that 50 people had indicated to him that they would move into homes in the Carlsberg subdivision as rapidly as such homes were completed; that the financing of 35 homes had been secured; that he had placed in escrow properties comprising the N $\frac{1}{2}$ of Section 28, lying west of Claymine Road, consisting of 230 acres and the SW $\frac{1}{4}$ of Section 22, lying northwest of and contiguous to Section 28, consisting of 160 acres. He requested that applicant be permitted to furnish water service in these additional areas, but the instant application does not seek a certificate of public convenience and necessity therefor. Late filed Exhibit No. 3 is a comprehensive map of the "Carlsberg" area and adjacent to "Carlsberg" properties.

The source of water supply for the "Carlsberg" area comprising Tracts Nos. 2046, 2047, the 15 acres adjoining Tract No. 2047 and Tracts Nos. 2107 through 2113, is a 322-foot well, 24-inches in diameter, with a 14-inch casing. Said well has been tested to produce a maximum of 2400 gallons per minute with an 88-foot draw-down, and the presently installed pumping plant equipment includes a 40 HP electric motor and a deep well turbine pump which will produce 664 gallons per minute when pumping into a 63,000-gallon storage tank at ground level. From said storage tank water is pumped by a 20 HP electric motor-driven booster pump through a 5000-gallon pressure tank into the distribution mains. Applicant seeks authority herein to interconnect its B-2, "Omart" area with the "Carlsberg" area by the installation of a 6-inch main, 1300 feet in length. Said interconnection would make available to the "Carlsberg" area the 600-gallons-per-minute production of the pumping plant installation in Area B-2, and a total of 110,000 gallons of storage facilities would be available to the two areas.

Exhibits "C-a" and "C-b", attached to the application, are copies of an agreement dated December 13, 1957, covering Tract No. 2046 and Tracts Nos. 2110 and 2111, and an agreement dated January 8, 1958 covering Tract No. 2047 and the adjacent 15-acre parcel, between Arthur Walter Carlsberg, Jr., an individual, and Edgemont Development Corporation, a corporation, on the one hand, and William N. Taylor and Antelope Valley Water Co., a corporation, on the other hand, and Arthur Walter Carlsberg, Jr., an individual, and William N. Taylor and Antelope Valley Water Co., respectively.

Said agreements provide, among other things, for the installation by Taylor for Carlsberg and Edgemont of the water system facilities on the Carlsberg properties and the acquisition by applicant of the wells, well sites and water system facilities installed by Taylor, subject to the provision that Carlsberg and Edgemont shall be refunded by Taylor or the applicant herein, the costs and charges advanced by Carlsberg and Edgemont for the water system installations concerned from 22 percent of the gross revenues received by applicant from sales of water within the "Carlsberg" areas over a period not to exceed 20 years.

Whereas the agreements, Exhibits "C-a" and "C-b", provide that refunds of advances by the subdivider may be made either by Taylor or the applicant, and whereas the record shows that Taylor and his wife own all of applicant's outstanding capital stock and were, as shown in Exhibit "B" and in the record, incorporated as William N. Taylor, Inc., Licensed Contractor, with current assets as of December 31, 1957, of \$105,815.46, current liabilities of \$68,353.88, and total assets of \$189,176.10, and have pledged all of their assets to applicant, nevertheless, the record shows that Taylor and his wife and Carlsberg are willing that the applicant be required hereinafter to receive the subdividers' advances and to assume the obligation of refunding such advances to the subdivider directly. The record shows that Carlsberg has agreed to transfer 3 well sites in the "Carlsberg" area to the applicant; that Carlsberg will bear a \$9000 portion of the cost of developing the first well and will advance \$140 for each lot; and that Taylor has agreed to bear all of the costs of developing the second and third wells.

Exhibit No. 7 shows the total estimated original cost of the proposed water system installations in Tract No. 2046 of the "Carlsberg" area to be \$45,226. The price of mains, valves and hydrants per lot is shown to be \$142.

From a review of the record it appears that the sources of water supply and storage, transmission, and distribution facilities, installed or proposed to be installed by applicant, are adequate to serve the "Carlsberg" area herein sought to be certificated.

Applicant proposes to apply its Inyokern tariff area rates to the "Carlsberg" area. Said rates are applicable to applicant's B-2 area.

The sources of water supply for the proposed "Morse" area include a well on parcel 46, in which is installed a deep well pump with a production capacity of 60 gallons per minute. Applicant proposes to interconnect the "Morse" area with its B-3 "Panzich" area through the installation of 660 feet of 6-inch transmission main and when this is done the 235-gallon-per-minute water supply which now exists in area B-3 and furnishes water service to 6 customers therein will be available and added to the source of water supply for the "Morse" area, and the source of supply for the "Morse" area will be available to area B-3, which includes 126 subdivided lots. Water from the "Morse" area well will be pumped into a 21,000-gallon storage tank, then pumped by a booster pump, with a production capacity of 210 gallons per minute at a pressure of 60 psi, into a 5000-gallon pressure tank and from there will be distributed through 4-, 6-, and 8-inch mains according to the plan delineated on the map, Exhibit No. 4.

From a review of the record it appears that the sources of water supply, storage, transmission and distribution facilities installed or proposed to be installed by applicant are adequate to serve the "Morse" area herein sought to be certificated.

Applicant proposes to apply its Lancaster tariff area rates to the "Morse" area. Said rates are also applicable to area B-3.

Applicant proposes, and has the verbal consent of Mr. August Morse, subdivider, to enter into an agreement with Morse which will provide for the refund by Taylor, or the applicant, of the water system installation costs incurred by Taylor, but advanced by Morse, associated with the "Morse" area out of 22 percent of the gross revenue from the sales of water within the "Morse" area over a period not to exceed 20 years. The record contains the same expression of willingness on the part of Taylor and his wife and Morse relating to applicant's being required to receive the subdivider's advances and make the refunds that were expressed for the "Carlsberg" area as outlined hereinbefore.

Exhibit No. 7 shows the total estimated original cost of the proposed water system installations in the "Morse" area to be \$52,496.91. The price of mains, valves and hydrants per gross acre is shown to be \$165.

The record shows that Morse intends to build two or three pilot houses soon, and thereafter to sell more houses and bare lots. The record shows that the streets in the Morse subdivision are graded; that the water and pressure tanks have been constructed; that authority to proceed with the development of the subdivision and sale of lots has been received from the Real Estate Commission; and that several public inquiries have been made regarding the availability of homes and home sites in the "Morse" subdivision.

Findings and Conclusions

After a careful review of the record the Commission finds as a fact and concludes that public convenience and necessity require that a certificate of public convenience and necessity be granted to Antelope Valley Water Co., a corporation, to extend, construct, and operate a public utility water system in Tracts Nos. 2046, 2047 and 15 acres adjacent to the latter, Tracts Nos. 2107 through 2113, and Tract No. 2012, in unincorporated territory of Kern County, and the order hereinafter will so provide.

It is further found as a fact and concluded that public convenience and necessity require that applicant be granted authority to exercise the rights and privileges of the franchise granted by Kern County Ordinance No. F-47 in the tracts and areas certificated by the order which follows.

The certificate of public convenience and necessity granted hereinafter will be 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.

It appears, and the Commission finds and concludes, based on the record in this proceeding, that the public interest requires that applicant should receive all subdividers' advances and assume all refund obligations in connection with water system acquisitions and installations in the "Carlsberg" and "Morse" areas, and the order hereinafter will so provide.

Applicant will be authorized hereinafter to extend its water systems in areas B-2 and B-3 into the Carlsberg and Morse property areas by the installation of approximately 1300 feet of 6-inch transmission main, and 660 feet of 6-inch transmission main, and to apply its presently filed Inyokern tariff area rates to the "Carlsberg" area, and its presently filed Lancaster tariff area rates to the "Morse" area.

It is found and concluded that, in the public interest, applicant should be restricted from extending its water system outside the areas certificated hereinafter without further order of the Commission.

O R D E R

Application as above entitled, as amended, having been filed, a public hearing having been held, the matter having been submitted, and now being ready for decision, it is hereby ordered as follows:

1. That Antelope Valley Water Co., a corporation, be and it is granted a certificate of public convenience and necessity to extend, construct, and operate its public utility water system into and in Tracts Nos. 2046 and 2047 and the adjoining 15 acres, and Tracts Nos. 2107, 2108, 2109, 2110, 2111, 2112, and 2113, all to be known as its "Carlsberg" area, and into and in Tract No. 2012, to be known as its "Morse" area, and to extend its water systems in its areas B-2 and B-3 to each of the aforementioned areas, respectively, all in unincorporated territory of Kern County, as shown on the map, late-filed exhibit No. 3, and on the map Exhibit No.4, filed at the hearing.

2. That applicant shall not extend its water system outside the areas certificated herein without further order of the Commission.
3. That applicant be and it is granted a certificate of public convenience and necessity to exercise the rights and privileges of the franchise granted by Kern County Ordinance F-47, on July 23, 1957, in the areas certificated herein, but shall not exercise such franchise in areas other than the instantly certificated areas and areas heretofore certificated to applicant by Decisions Nos. 54854 and 56561.
4. (a) That applicant is authorized to apply, after the effective date of this order, its presently effective tariff schedules in its Inyokern tariff area to the "Carlsberg" area certificated herein, and its presently effective tariff schedules in its Lancaster tariff area to the "Morse" area 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 Inyokern tariff area schedules in the "Carlsberg" area, and its Lancaster tariff area schedules in the "Morse" area; such revised tariff schedules to be effective on or before the date service is first furnished in the areas certificated herein.
 - (c) That no increase in applicant's presently lawfully filed rates and rules shall be made unless authorized by this Commission. Such rates, rules, and tariff service area maps prescribed herein shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
 - (d) That applicant shall notify the Commission in writing of the date service is first furnished to the public under the rates and rules authorized herein within ten days thereafter.
5. 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.

- 6. That the authority herein granted will lapse if not exercised within one year of the date hereof.
- 7. That Antelope Valley Water Co. shall not exercise the rights and privileges of the franchise granted to it by Kern County Ordinance No. F-47, granted on July 23, 1957, for the purpose of supplying water in any portion of Kern County not now served by it, except in the "Carlsberg" and "Morse" areas herein certificated, without having first obtained authority to exercise such franchise from the Commission.
- 8. That applicant shall receive all subdividers' advances for water system acquisitions and installations in the "Carlsberg" and "Morse" areas certificated herein and shall assume all refund obligations of such advances.

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

Dated at San Francisco California, this 26th day of August, 1958.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.