

ORIGINAL

Decision No. 57240

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BOUQUET CANYON WATER COMPANY, a corporation, to extend public utility water corporation operations, and for authority to issue stock.

Application No. 39981
(Amended)

Gordon, Knapp, Gill & Hibbert, by Wyman C. Knapp,
for applicant.
Newhall County Water District, by E. L. Fraser
of Wadsworth, Fraser & McClung, attorneys;
West Newhall Mutual Water Company, by
Thelma B. Murray, president, and
Audrey O'Kelley, secretary-treasurer;
Joe Pearson, Bill T. Small, Mrs. Alfred
Little, and Mrs. Clare H. Fanning, in
propria persona; interested parties.
A. L. Gleeghem and Alfred V. Day for the
Commission staff.

O P I N I O N

Bouquet Canyon Water Company, a corporation, by the above-entitled application filed April 8, 1958, seeks authority to extend its public utility water system in unincorporated area of Los Angeles County in the vicinity of Newhall in the area shown on the map, Exhibit C attached to the application, and to purchase the water system of West Newhall Mutual Water Company, a mutual company, install certain additional water system facilities, meet organizational expense requirements, and secure working capital through the issuance of stock. By amendment at the hearing, the total amount of stock proposed to be issued was increased from 5,000 shares

having an aggregate stated value of \$50,000 to 5,900 shares having a stated value of \$10 per share, for an aggregate stated value of \$59,000 to cover the additional cost of installing an additional 3,000 feet of 8-inch transmission main.

A public hearing was held before Examiner Stewart C. Warner on July 14, 1958, at Newhall. There were no protests to the granting of the application although several persons appeared to seek clarification of the status of their mutual stock ownership after the acquisition of the mutual by the applicant, and to seek clarification of the conditions under which applicant would furnish water service within the area sought by applicant to be certificated.

Applicant was incorporated December 30, 1948, and furnishes water service in its Bouquet Canyon division to approximately 260 customers and in its Saugus division to between 16 and 18 customers pursuant to authority granted by Decisions Nos. 42624, dated March 22, 1949, and 43956, dated March 21, 1950, in Application No. 29980, and Decisions Nos. 50506, dated September 3, 1954, and 52532, dated January 31, 1956, in Application No. 35433. The water systems in the Bouquet Canyon division and Saugus division are not interconnected, but applicant proposes to connect its Saugus division with the proposed West Newhall division by the installation of an 8-inch transmission main. Applicant's present service areas in its Bouquet Canyon and Saugus divisions are delineated on the maps, Exhibits Nos. 1 and 2.

The presently installed water system in the proposed West Newhall division is delineated on the map, Exhibit No. 4.

It consists of 6-inch, 4-inch, and 2-inch distribution pipe lines, a well No. 5 on Lot 389 in which is installed a pump with a production capacity of 75 gallons per minute, and a 50,000-gallon steel storage tank located on Lots 607, 765, and 766. As of the date of the hearing water service was being furnished to 203 customers in the West Newhall area. Applicant estimated in Exhibit No. 8 that the total number of customers at the end of the year 1958 in all of its divisions would be 479.

Rates

Applicant proposes to apply its presently filed tariffs to the West Newhall division and the quantity rates set forth in such tariffs are shown as follows:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
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

The record shows West Newhall Mutual Water Company has heretofore adopted applicant's rates which are at a lower level than the rates formerly being charged by the mutual. No change in the rates presently being charged by the mutual to its customers is proposed by applicant.

Financing

Applicant proposes to acquire the mutual water system for a cash payment of \$16,820; to purchase and install 10,100 feet of 8-inch transmission main at an estimated cost of \$30,300; to acquire and install a 50,000-gallon storage tank for \$2,500; to acquire and install meters and services for \$4,800; to pay

organization expenses of \$1,000, and to retain working cash capital of \$3,580, through the issuance of 5,900 shares of its no par common capital stock for a total stated value of \$59,000. Applicant's president and his wife, secretary-treasurer, will purchase all stock at the stated value of \$10 per share for cash. The record shows that the payment of \$16,820 to the mutual was computed at \$120 per service connection times 126 of such connections, plus \$1,700 for a lot suitable as a tank site.

Source of Water Supply

The record shows that applicant's present combined pumping plant facilities in the Saugus and West Newhall divisions are capable of delivering about 500 gallons per minute, with the potential of 1,200 gallons per minute if appropriate pumping equipment were installed. The area sought to be certificated is located about 1-3/4 miles southwest of the existing distribution system in the Saugus division and one mile west of Newhall, and comprises a total of 130 acres which are subdivided and 40 acres which are undeveloped. The subdivided area contains about 500 usable lots.

In Exhibit No. 15, which is a memorandum report prepared by a Commission staff engineer, certain recommendations were submitted to improve the present water system. The record shows that most of such recommendations already have been effected by applicant. The record further shows that applicant has taken steps and will continue to take steps to provide adequate water service to customers on Wheeler Road south of Lyons Avenue, and to all other customers within the proposed service area.

Findings and Conclusions

From a careful review of the record the Commission finds as a fact and concludes that public convenience and necessity require that a certificate be granted to Bouquet Canyon Water Company, a corporation, to extend its water system in the proposed West Newhall division in the area shown on the map, Exhibit C attached to the application, according to the plans and specifications shown on the map, Exhibit No. 4, and the order which follows will so provide.

The certificate of public convenience and necessity issued herein is 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.

Applicant will be authorized hereinafter to apply its presently filed tariffs to the area certificated herein to be known as its West Newhall division.

Applicant's request for authority to issue 5,900 shares of its capital stock at a stated value of \$10 per share, for a total of \$59,000, appears to be reasonable and will be granted.

Applicant should certify in writing to the Commission when it possesses clear title to the wells, well sites, water system

properties described hereinbefore, and easement for the proposed transmission main, and the order which follows will so provide.

O R D E R

Application as above entitled 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 Bouquet Canyon Water Company, a corporation, be, and it is, granted a certificate of public convenience and necessity to acquire the water system of West Newhall Mutual Water Company in accordance with the terms of the Agreement, dated October, 1957, Exhibit No. 3, and to extend, construct, and operate its public utility water system in the area delineated on the map, Exhibit C, attached to the application, as further described by metes and bounds in the application in unincorporated territory of Los Angeles County about one mile west of Newhall.
2. That applicant, on and after the effective date hereof, is authorized to charge in the West Newhall division, the service area certificated herein, its presently filed schedules of rates for water service and to apply in the West Newhall division its rules which are on file with the Commission.
- 3.a That applicant shall within forty days of the effective date hereof revise its presently effective schedules to provide for the application of its rates and rules in the West Newhall division, together with a revised tariff service area map acceptable to this Commission, all in accordance with the procedure described by General Order No. 96. Such rates, rules, and tariff service area map shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.

- 3.b That applicant, within ten days after the system in the area certificated herein is placed in operation under the rates and rules authorized herein, shall notify the Commission in writing of the date when such operation began in said area.
- c That applicant shall file, within forty days after the system in the area certificated herein is placed in operation under the rates and rules authorized herein, four copies of an appropriate comprehensive map of said area, drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings the various tracts of land and property served; the principal water production, storage and distribution facilities; and the location of the various properties of applicant.
4. That applicant be, and it is, authorized to issue 5,900 shares of its common stock at the stated value of \$10 per share for a total of \$59,000 for the acquisition by applicant of the water system properties referred to in the preceding opinion and for cash. The Commission is of the opinion that the money, property or labor to be procured or paid for by the issuance of such stock is reasonably required by the 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.
5. That applicant shall file with the Commission a report or reports as required by the Commission in General Order No. 24a, which order insofar as applicable is made a part of this order.
6. That the authority to issue stock herein granted will lapse if not exercised within one year after the effective date hereof.
7. That applicant shall, within 180 days after the effective date hereof, certify to the Commission in writing that it possesses clear title to the West Newhall Mutual Water Company facilities, well site, and storage tank authorized to be acquired herein, together with a certification of clear title to the new tank site and certification that applicant has obtained the necessary easement for the transmission line

to be installed to connect applicant's Saugus and West Newhall divisions.

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