

# ORIGINAL

Decision No. 57475

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 VISTA DEL CAMINO COMPANY, a California  
 corporation, for a certificate of  
 public convenience and necessity  
 authorizing applicant to furnish  
 public utility water service in cer-  
 tain portions of Monterey County,  
 California, to exercise franchise  
 rights in connection therewith, and  
 to issue and sell its capital stock.

Application No. 39991

Ralph W. Thompson, for applicant.  
John D. Reader and Sidney J. Webb,  
 for the Commission staff.

## O P I N I O N

Applicant, by this proceeding, filed April 11, 1958, requests a certificate and authority to file rates and issue stock for construction and operation of a domestic public utility water service system in Vista del Camino Subdivision, Units Nos. 1 and 2, located about 8 miles north of the City of Monterey, east of State Highway 1.

The application was submitted at a public hearing held June 17, 1958, at Monterey, before Examiner John M. Gregory.

The tract contains 43½ acres of land, divided into 151 residential lots and an undeveloped 7.15-acre commercial area. A majority of the lots are improved and occupied or are becoming ready for occupancy. Applicant, at the hearing, requested that the sought authority be extended to include contiguous and undeveloped territory generally north and east of Units Nos. 1 and 2 of the tract, as shown on a map placed in evidence as Exhibit No. 12 and as later described in detail herein.

The properties to be acquired from Monterey Savings and Loan Association, the developer, by issue of stock of a stated value of \$1,000 per share, consist of tangible and intangible plant and working capital, plus a 4 per cent engineering overhead, totaling approximately \$64,500. A staff study in evidence substantiates applicant's figures, although there are some minor differences in the detail.

The system was installed prior to October, 1957, when service was first rendered to the public. Applicant estimated that a future years' operations, with full development of Units 1 and 2, would produce the following results:

Operating Revenues .....	\$9,600.00
Operating expenses, including Taxes and Depreciation .....	<u>8,202.83</u>
Net Revenue .....	1,397.17

The record does not contain studies upon which to estimate financial results of operation for a future year, other than the above, although applicant introduced an exhibit (Exhibit No. 9) which reflects an estimated average annual depreciation rate of 2.8 per cent on a total depreciable plant, with 4 per cent for engineering and supervision added, of \$56,684.42 as of April 1, 1958.

Applicant based estimated revenues on water use and rate data from two systems operated by its consulting engineer. Sandy soil conditions and new gardens in the Vista del Camino tract, however, are expected to require more than what might be considered normal amounts of water, with resultant improvement in gross revenue.

Applicant has proposed a schedule of rates for general metered service in the tract, commencing with a rate of \$3.20 per meter per month, which allows up to 400 cubic feet of water for a 5/8 by 3/4-inch meter.

Applicant has proposed no rates for fire protection service. Units 1 and 2 of the tract are within the boundaries of the Marina Fire Protection District and hydrants have been installed. Applicant may negotiate an agreement with the Fire District covering fire protection service and file such agreement in accordance with General Order No. 96 and should file the rates for such services as one of applicant's tariff schedules. The order herein will direct applicant to file such a schedule of rates.

The proposed rates we find to be reasonable, as the initial rates to be charged by applicant. The installations appear to be adequate for their intended purpose. A certificate should be granted and authority to issue stock for the properties described in the application and exhibits of record should also be granted.

Applicant has secured a water supply permit from the Director of Public Health of Monterey County and has also obtained from the County Board of Supervisors a resolution, dated June 16, 1958, to the effect that no franchise is required for the proposed water service.

It is hereby found as a fact that public convenience and necessity will require the construction and operation of a public utility water system by Vista del Camino Company, a corporation, in Vista del Camino Units 1 and 2 and immediately surrounding territory, Marina, Monterey County, California, as said areas are delineated on a map marked Exhibit No. 12 in evidence herein. The application, as modified at the hearing with respect to additional service areas, should, therefore, be granted.

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.

ORDER

Public hearing having been held herein, the matter having been submitted and the Commission now being fully advised,

IT IS HEREBY ORDERED that:

1. A certificate of public convenience and necessity be and it hereby is granted to Vista del Camino Company, a corporation, to construct, acquire and operate a public utility system for the sale and distribution of water within the territory hereinbefore described; to wit: within Vista del Camino Units 1 and 2 and within adjacent areas, which total area is described as follows:

Commencing at a point on the north side of Reservation Road approximately 1,000 yards southeasterly of the intersection of Reservation Road and State Highway 1; thence northwesterly along the north side of Reservation Road to the intersection of Reservation Road and State Highway 1; thence northeasterly along the east side of State Highway 1 for a distance of 3,000 feet; thence southeasterly along a line measured 3,000 feet northeasterly of and parallel to Reservation Road to the intersection of said line and the approximate northwesterly boundary line of Fort Ord Military Reservation; thence southwesterly along said military reservation boundary to an acute angle in said boundary line; thence southerly for a distance of approximately 750 feet along a line connecting the apex of said acute angle and said point of beginning on the north side of Reservation Road.

2. Applicant is authorized to file the rates set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public under the authority granted herein together with rules and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. 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 days thereafter.

4. Applicant shall file, within forty days after the system is placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale not smaller than 200 feet to the inch, delineating by appropriate markings the various tracts of land and territory served for which this certificate is issued; the principal water production, storage and distribution facilities; and the location of the various properties of applicant.

5. Applicant shall, within ninety days after the system is placed in operation under the rates and rules authorized herein, file in quadruplicate with this Commission and in conformity with General Order No. 96, a schedule of rates providing for public fire hydrant service.

6. Beginning with the year 1959, applicant shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.8 per cent. This rate shall be used until review indicates it should be revised. Applicant shall review the depreciation rate using the straight-line remaining life method when

major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

7.(a) Applicant, after the effective date hereof, and on or before March 1, 1959, may issue not exceeding 64½ shares of its capital stock for the purposes set forth in this application, 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, which purposes are not wholly or in part reasonably chargeable to operating expenses or to income.

(b) Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

8. The authorization herein granted will lapse if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 15<sup>th</sup> day of October, 1958.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners

## APPENDIX A

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Vista del Camino Subdivision and vicinity, located immediately north of Reservation Road and east of State Highway No. 1, near the community of Marina, Monterey County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 400 cu.ft. or less .....	\$ 3.20
Next 1,600 cu.ft., per 100 cu.ft. ....	.40
Over 2,000 cu.ft., per 100 cu.ft. ....	.30
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 3.20
For 3/4-inch meter .....	4.00
For 1-inch meter .....	6.50
For 1 1/2-inch meter .....	12.00
For 2-inch meter .....	16.00

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