

ORIGINAL

Decision No. 57727

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CONEJO VALLEY WATER COMPANY to construct and operate a water system and for the establishment of rates to consumers in Conejo Valley, Ventura County, State of California.) Application No. 40300

Application of CONEJO VALLEY WATER COMPANY for Authority to Issue Stock and a Promissory Note.) Application No. 40337

H. D. Gamble, for Conejo Valley Water Company.
James G. Shields and Richard R. Entwistle, for
the Public Utilities Commission staff.

O P I N I O N

Public hearings were held in these matters on October 9, 1958, in Los Angeles before Examiner Grant E. Syphers at which time evidence was adduced and the matters submitted.

The Conejo Valley Water Company is a California corporation formed for the purpose of serving water in a newly-subdivided area in Conejo Valley, Ventura County, which area is known as Park Oaks. The subdividers and developers of the property are the same persons who have formed the water company and their development or construction company is known as Exhibit Homes, Inc. This company now owns 260 acres of land in the southerly portion of Section 34, Township 2 North, Range 19 West, San Bernardino Base

and Meridian, and it also has the right of first refusal for the purchase of an additional 268 acres adjoining and immediately to the north of the 260 acres. The developers have acquired the rights to drill for water in the entire 528 acres.

The source of water is a well which by means of a pump with a 40 h.p. electric motor furnishes water to a 50,000-gallon aeration and storage tank and a 10,000-gallon steel pressure tank. There have been installed 1,837 feet of 8-inch transmission main, which is intended to serve the 260 acres. Additionally, distribution mains have been installed consisting of 1,520 feet of 8-inch Transite pipe and 890 feet of 6-inch Transite pipe. A twenty-hour production test showed that the well would produce 500 gallons per minute, with a constant pumping water level of 184 feet.

All of the installations, according to the testimony, conformed to the specifications of General Order No. 103, except that there is no provision for a measuring device to determine production. While there is at present no stand-by water supply, the applicant intends to drill an additional well and has had a report from a geologist in this regard.

The entire cost of the water system installation to date totals \$55,277. Of this amount \$29,969, which is the cost of the pressure system, will be paid for by Conejo Valley Water Company and taken out of the capitalization of that company. The remainder, consisting of \$10,250 for the transmission line and \$15,058 for the water distribution system, will be paid for by

Exhibit Homes, Inc. originally, and then the water company will repay the development company for this amount, probably by issuing bonds or preferred stock. The applicant intends to file another application to cover this situation.

Application No. 40337 requests authority to issue 500 shares of common stock, each share having a par value of \$50, or a total of \$25,000, and likewise it requests authority for the water company to give a promissory note in the amount of \$15,000 to Exhibit Homes, Inc. The \$40,000 proposed to be raised by this stock issuance and the promissory note is to be used to pay the \$29,969 of cost for the pressure system and additionally to pay for the cost of land acquisition in the sum of \$7,500, engineering costs of \$3,500 and legal services in the amount of \$1,500. The total of these items is \$42,469, and adding to that a reserve for contingency and operation expenses, the initial financing will exceed the \$40,000 to be received from the stock and promissory note by approximately \$7,500. This is due to the fact that the cost of the pressure system of \$29,969 exceeded the estimate which was \$21,900. Accordingly, at the hearing the applicant testified that it would handle the cost of land acquisition in the amount of \$7,500 by an account payable to Exhibit Homes, Inc.

Exhibit 1 shows the cost of construction of the water system, and Exhibit 2 is a copy of the contract covering these costs.

Exhibit 3 is a water supply permit from the Department of Public Health of the State of California, and Exhibit 4 is a copy of a letter from the County Health Department of the County of Ventura advising that the applicant has a valid health permit.

The rates requested are based upon a flat rate charge of \$5 per month per residence, as well as meter rates. Applicant proposes to install meters on all services but use the flat rate in the event the expansion of the company would require the use of such a rate. It was recommended by the Commission staff that no service at flat rates be authorized and that the requested meter schedule be revised to include a charge for 5/8 x 3/4-inch meters. These staff recommendations will be adopted.

An analysis of all of the evidence presented in this proceeding leads us to make the following findings:

(1) There is no other service in the area proposed to be served, and we now find that public convenience and necessity require the issuance of a certificate for the 528 acres.

(2) The rates herein authorized are found to be just and reasonable for the service to be furnished by this utility. Inasmuch as this is a new company, there is no estimate as to the rate of return which will be yielded by these rates, but they are comparable to existing rates for other similar companies. We further find that the rates proposed by applicant, insofar as they differ from the rates hereinafter prescribed, are unjust and unreasonable.

(3) The request for the issuance of \$25,000 of common stock consisting of 500 shares, each share having a par value of \$50, is reasonable, as is likewise the request to issue a promissory note in the amount of \$15,000 to Exhibit Homes, Inc., the stock to be issued to Louis A. Towne, 212-1/2 shares; Samuel Firks, 212-1/2 shares; Richard H. Doremus, 75 shares. These are the investors in the applicant company. The \$40,000 to be realized from the issuance of stock and the promissory note is to be used as heretofore indicated, and the Commission is of the opinion that the money, property or labor to be procured or paid for by the issuance of the stock and promissory note herein authorized is reasonably required for the purpose specified herein and that such purpose

is not in whole or in part reasonably chargeable to operating expense or income.

The ensuing order will provide that the stock herein authorized is to be issued for a like amount of assets.

O R D E R

Applications as above entitled having been filed, hearings having been held and the Commission having made the foregoing findings,

IT IS ORDERED:

(1) That the Conejo Valley Water Company, 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 area:

A territory in the Conejo Valley north and west of Thousand Oaks consisting of 528 acres located in Section 34, Township 2 North, Range 19 West, San Bernardino Base and Meridian, and specifically described as follows:

Lot 2 of the Resubdivision of a portion of Conejo Ranch (Subdivision No. 2) in the County of Ventura, State of California, as per map recorded in Book 16, page 92, of Maps, in the office of the County Recorder of said county.

EXCEPT that portion described as follows:

Beginning at a point in the westerly line of said Lot 2 at the northwesterly corner of Lot B of Subdivision No. 2 of Conejo Ranch, as per map recorded in Book 8, page 53, of Maps; thence along said westerly line North $0^{\circ} 10' 15''$ West, 660.00 feet; thence parallel with the northerly line of said Lot B, North $89^{\circ} 51' 0''$ East, 660.00 feet; thence parallel with the westerly line of said Lot 2, South $0^{\circ} 10' 15''$ East, 660.00 feet to the northerly line of said Lot B; thence along said northerly line, South $89^{\circ} 51' 0''$ West, 660.00 feet to the point of beginning.

ALSO EXCEPT that portion lying southerly of the following described line:

Beginning at the intersection of the easterly line of said Lot 2 with a line which is parallel with and distant northerly 20 feet, measured at right angles, from that certain course in the southerly line of said Lot 2 shown on said map as having a bearing and length of "South 89° 44' 45" East, 2428.74 feet"; thence along said parallel line North 89° 44' 45" West, 2428.74 feet to that certain course in the boundary of said Lot 2 shown on said map as having a bearing and length of "North 0° 09' 28" East, 25.00 feet".

(2) That applicant is authorized to file, after the effective date of this order, the rates set forth in Appendix A attached to this order, to become effective on or before the date service is first rendered to the public, 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) That 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 thirty days thereafter.

(4) That applicant shall file, within sixty days after the date service is first rendered under the rates and rules authorized herein, four copies of a comprehensive map drawn to an indicated scale not smaller than 600 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 the various water system properties of applicant.

(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, and shall review the accruals as of January 1 of the year following the date service is first rendered under the rates and rules authorized herein, and thereafter when major changes in plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

(6) That, within sixty days after the effective date of this order, applicant shall install and place in operation a measuring device in accordance with the requirements of General Order No. 103, which measuring device shall be for the purpose of determining the production of water. Within ten days thereafter, applicant shall report to the Commission, in writing, of the completion of such installation.

(7) That the Conejo Valley Water Company is authorized to issue not to exceed 500 shares of its common stock, each share having a stated par value of \$50 for a maximum total of not to exceed \$25,000, to the following individuals in the amounts indicated in exchange, at dollar for dollar, for water system properties, materials and supplies and working cash to be transferred to the water company:

Louis A. Towne	212-1/2 shares
Samuel Firks	212-1/2 shares
Richard H. Doremus	75 shares

(8) That the Conejo Valley Water Company, after the effective date hereof, may execute and deliver to Exhibit Homes, Inc., a promissory note in the principal sum of \$15,000 payable in installments of \$2,000 or more per year, payable on the first day of every year, beginning on the first day of January, 1968, with interest on all deferred payments from the date of execution of the note until paid, at the rate of 6 percent per annum, payable annually beginning

on the first day of January, 1960. This note shall be in substantially the same form as Exhibit A attached to Application No. 40337.

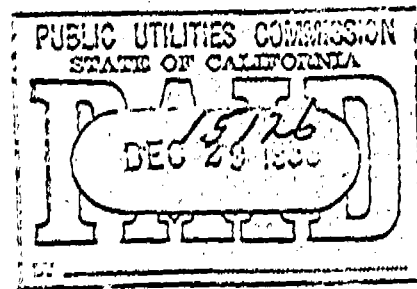
(9) That the Conejo Valley Water Company shall file with this Commission a report or reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

The authority herein granted to issue a note will become effective when Conejo Valley Water Company has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25. In all other respects the effective date of the order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 16th day of December, 1958.

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

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



APPENDIX A
Page 1 of 2

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including the subdivision known as Park Oaks and vicinity, located in Conejo Valley approximately three miles north of the community of Thousand Oaks, Ventura County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 500 cu. ft. or less	\$ 3.75
Next 1,500 cu. ft., per 100 cu. ft.25
Next 3,000 cu. ft., per 100 cu. ft.20
Over 5,000 cu. ft., per 100 cu. ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.75
For 3/4-inch meter	4.00
For 1-inch meter	6.00
For 1 1/4-inch meter	8.00
For 1 1/2-inch meter	10.00
For 2-inch meter	15.00
For 3-inch meter	20.00
For 4-inch meter	30.00

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

APPENDIX A

Page 2 of 2

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICEAPPLICABILITY

Applicable to all fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated area including the subdivision known as Park Oaks and vicinity, located in Conejo Valley approximately three miles north of the community of Thousand Oaks, Ventura County.

RATES

Per Hydrant Per Month

Diameter of Riser	- Hydrant Outlet	Diameter of Main		
		4-inch	6-inch	8-inch
3-inch (or less)	Single 2½-inch (or less)	\$1.50	\$1.50	\$1.50
4-inch	Single 2½-inch	1.50	2.00	2.50
	Double 2½-inch	2.50	3.00	4.00
6-inch	Double 2½-inch	-	5.00	5.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, General Metered Service.
2. The cost of installation and maintenance of hydrants will be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.