

ORIGINAL

Decision No. 58159

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of LLANO DEL RIO WATER COMPANY, a  
corporation, for authority to issue  
stock, and construct and operate a  
public utility water system, and for  
a certificate of public convenience  
and necessity therefor.

Application No. 38998  
Amended

Gibson, Dunn and Crutcher, attorneys, by Max Eddy Utt,  
for applicant.  
James G. Shields, Theodore Stein, and Richard R.  
Entwistle, for the Commission staff.

O P I N I O N

Llano del Rio Water Company, a corporation, by the above-entitled application filed April 17, 1957, as amended July 3, 1957, July 24, 1957, July 10, 1958, and July 29, 1958, seeks a certificate of public convenience and necessity to construct, extend and operate a public utility water system in the area shown on the map, Exhibit "C-2", attached to the Third Amendment, and as also shown on the map, Exhibit No. 24. Establishment of rates for water service is sought, and authority to issue stock for acquisition of certain water system properties is also sought.

Public hearings were held before Examiner Stewart C. Warner on March 28 and 31, and November 18, 1958, at Los Angeles. There were no protests to the granting of the application.

General Information

Applicant's articles of incorporation were filed with the Secretary of State on June 21, 1956, and were amended on June 25,

1957, to provide authority to issue 100,000 shares of common stock at a par value of \$10 per share and with an aggregate par value of one million dollars. The original directors were Laura M. Jones, Lucy W. Turner, Mary E. Griffin, Sophia Teeters and Sylvia Miner, all of 634 South Spring Street, Los Angeles 14. The present directors are Mr. and Mrs. C. V. Paul, Richard Blalock, William Emerick, and Max Eddy Utt. Applicant's officers are C. V. Paul, president, Lorena E. Paul, vice president, and Max Eddy Utt, secretary. Mrs. C. V. Paul, Ruth L. Eddy and Richard W. Blalock are the owners of Blalock-Eddy Ranch, which said Ranch also owns 6,958 shares, out of a total of 7,000 shares, of Llano Mutual Water Company, which said mutual water company owns 351 shares of Big Rock Mutual Water Company which, together with 280 shares owned by Blalock-Eddy Ranch, constitute the majority of the outstanding 960 shares of said Big Rock Mutual Water Company. Mrs. C. V. Paul and her family hold principal interests in Crystallaire Properties and Country Club, which include the proposed subdivisions and golf course to which water service is proposed to be furnished by applicant.

Financial Responsibility

Exhibits Nos. 28 and 29 are financial statements, dated December 31, 1957, of Lorena E. Paul, C. V. Paul, Richard W. Blalock and Ruth L. Eddy, and Blalock-Eddy Ranch, respectively. Exhibit No. 28 shows the total net worth, after giving effect to certain appended notes, amounting to \$1,515,890.34 for the four-named individuals, and Exhibit No. 29 shows total assets of the Ranch amounting to \$835,207.44, each as of that date.

Description of Proposed Area

Applicant's proposed service area comprises 1,142 acres in the Llano district of Antelope Valley just below the north slope of Mt. Baldy and east of Pear Blossom Highway in the vicinity of and on Big Rock Creek. The original development includes Tract No. 24246, Los Angeles County, which was recorded on May 28, 1958, and in which there will be a total of 157 lots. Said tract is a resubdivision of Tract No. 23863 which has also been resubdivided into tentative Tracts Nos. 24247, 24248, and 24249. Together with Tract No. 24246, there will be a total of 336 lots and said total, with future tract developments southerly of said tracts, will increase to approximately 672 lots.<sup>1/</sup> In addition, the development includes an 18-hole golf course comprising 180 acres of which 80 acres will be cultivated and irrigated as greens, fairways, tees and other improvements by Llano Golf Association under lease agreement with The Crystallaire Country Club. As of the date of the November 18 hearing, sales of lots in Tract No. 24246 were proceeding under permit of the Real Estate Commission and temporary water service was being furnished to the Country Club for the construction of a swimming pool and locker room facilities at the clubhouse site, and to the golf course by Blalock-Eddy Ranch during the pendency of the instant application.

Included in the area proposed to be served are 41 acres known as the Mitchell and Coffeen properties to which water service is proposed to be furnished according to the terms of an

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<sup>1/</sup> Exhibit No. 31 shows that lots will average approximately 3/4 to an acre each.

agreement between Mr. Mitchell and the owners of Blalock-Eddy Ranch. Said owners acquired certain other properties owned by Mitchell and as part of the consideration it was agreed that the Ranch would include said 41 acres within the proposed service area of the applicant; that the Ranch would proceed with the formation of a public utility water service to include service to the Mitchell and Coffeen properties; and that two connections would be made to permit service to said 41 acres when and if they desired to use the same.

Sources of Water Supply

Exhibit No. 20 is a copy of an Agreement for Sale of Land and Water Facilities for a Water Supply and for Service, dated April 30, 1958, between Blalock-Eddy Ranch and applicant. Pursuant to said agreement, applicant proposes to acquire from the Ranch a parcel of property 100 by 435.69 feet in size located in the NE $\frac{1}{4}$  of the NE $\frac{1}{4}$  of Section 6, T4N, R9W, SBB&M, the location of which is delineated on the sketch, Exhibit No. 22, together with the well now located on said parcel and the right to use and operate the same, and the right to extract and divert by means of such well, or any additional well or wells as may be drilled upon said property, or from such other locations as the company may be entitled to, up to three second feet of water, from the subsurface sources, continuous flow in perpetuity. The Ranch agrees to permit the applicant, on a standby basis, to use any of the other wells owned by the Ranch in said Section 6 to the extent that the water produced from any additional well or wells, when added to that produced by applicant from its well or wells located on the parcel in Section 6 heretofore described, shall aggregate three second feet continuous flow. Also

included in said agreement is a permanent easement granted by the Ranch to use one acre of ground, in property known as the so-called "Luce Property", in the narrows of Big Rock Wash for the purpose of drilling, operating and maintaining one well and, by using the same, extracting and diverting therefrom water from the subsurface basin and/or channel, limited, however, to the amount which, when added to that at the same time extracted and diverted from applicant's own well located on the property heretofore described in the NE $\frac{1}{4}$  of Section 6, or wells owned by the Ranch located in Section 6, equals three second feet of continuous flow. Also included is an easement running from said one acre along the bank of Big Rock Creek or through neighboring property to a connection with applicant's transmission main hereinafter proposed to be acquired by applicant from the Ranch. The consideration for the acquisition of the heretofore described well sites, well, water rights, and easements, is proposed to be the issuance by the applicant to the Ranch of 37,500 shares of applicant's common stock having an aggregate par value of \$375,000.

The agreement, Exhibit No. 20, supra, provides for the acquisition by applicant from the Ranch of presently installed water system facilities including a pump, storage tank, a 12-inch main from the pump to the storage tank, the 6-inch and 8-inch pipe lines as shown in Exhibit "D" attached to the original application, and a one-third interest in a 12-inch main approximately 3,000 feet in length for conveying surface water for irrigation purposes and the right to conduct therein water equivalent to one-third of said pipe-lines' capacity, together with an easement for the continued operation and use of said pipe lines, all in exchange for 2,350 shares of applicant's stock with an aggregate par value of \$23,500.

The agreement, Exhibit No. 20, provides that applicant shall furnish domestic water service under its rates, rules and regulations to the Ranch, but that the demands or requirements of the Ranch shall not at any time exceed 15,000 gallons per day.

The agreement further provides for the acquisition by applicant from the Ranch of 280 shares of Big Rock Mutual Water Company which mutual water company, the agreement recites, "is entitled to all of the surface stream flow of Big Rock Creek passing through Section 6." The consideration to be paid by applicant to the Ranch for Big Rock Mutual Water Company stock is 10,000 shares of its common stock with an aggregate par value of \$100,000.

The total cost of wells, well sites, water rights, easements, mutual water company stock, and water system facilities, is set forth in Exhibit No. 17, and is shown to be \$498,500.

Applicant proposes to issue 15,150 shares of its common stock, with an aggregate par value of \$151,500, for cash-over the next two years as necessity requires for the purposes of construction, extension, and improvement of facilities, for materials and supplies, for working capital, and for preorganizational expenses, all as set forth in paragraph IV of the application as originally filed. The total amount of common stock proposed to be issued by applicant to Blalock-Eddy Ranch is 65,000 shares of applicant's \$10 par value common stock with a total par value of \$650,000.

Proposed Service to the Golf Course  
and The Crystalaire Country Club

Exhibit No. 21 is a copy of an agreement, dated April 30, 1958, between applicant and The Crystalaire Country Club which sets forth the terms and conditions under which applicant proposes to

furnish the golf course with irrigation water only. It is proposed and agreed upon between the country club and the applicant that the delivery point of water service shall be located on the golf course property at a point no greater than 500 feet easterly of the section line between Sections 31 and 32; that the country club shall furnish all storage lakes, reservoirs, tanks, and distribution facilities from said delivery point; that the irrigation water to be delivered shall be untreated water delivered by applicant from the surface water of Big Rock Creek made available to applicant as a result of its ownership of the 280 shares of the Big Rock Mutual Water Company, proposed to be acquired by applicant from Blalock-Eddy Ranch as hereinbefore referred to; that measurement of the deliveries of water by applicant to Crystallaire may be made by meter, by computation of the gallonage based on power consumed in pumping, or, if dispute arises as to the accuracy of the water measurement, the manner and method of measurement will be submitted to the Commission for its determination; that Crystallaire will not demand or require in excess of 100 acre feet in any one month or 600 acre feet in any one year subject to the right of applicant to deliver water in excess of these amounts if such water is available and if Crystallaire wishes to purchase the same; that if there be a shortage of surface water at the diversion weir of Big Rock Mutual, Crystallaire will curtail its use of water as may be necessary for its purposes, and that it will at no time claim that the flow of surface water should be augmented by curtailment of applicant's pumping activities from the subsurface channels or

basins of Big Rock Creek or from wells on property of applicant located in that area. The rate schedule proposed in the application for the irrigation water service to Crystallaire is \$6,000 minimum annual charge up to 600 acre feet per year, and in excess of that amount, \$20 per acre-foot.

Domestic Service Rates

The following schedule of rates is proposed in the application as amended:

<u>Monthly Quantity Rates</u>		<u>Per Meter</u> <u>Per Month</u>
First	800 cu. ft., or less .....	\$ 3.00
Next	1,200 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

Monthly Minimum Charge

For	5/8 x 3/4-inch and for 3/4-inch meter ....	3.00
For	1-inch meter .....	4.50
For	1 1/2-inch meter .....	8.00
For	2-inch meter .....	15.00
For	4-inch meter .....	50.00
For	6-inch meter .....	100.00

Licenses for Diversion and Use of Water

Exhibits Nos. 4 and 5 are copies of State of California-Department of Public Works, Division of Water Resources, Licenses Nos. 3099 issued to Blalock-Eddy Ranch, Inc., on July 31, 1950, and 4015 issued to Blalock-Eddy Corp. in November, 1954. Said License No. 3099 permits the diversion of 4.68 cubic feet of water per second for irrigation and domestic uses from the underflow of Big Rock Creek in Los Angeles County, tributary to Mojave Desert, to a total of 220 acres within Sections 28, 29, and 32, T5N, R9W, SBB&M. The point of diversion is in the NE 1/4 of the NE 1/4 of Section 6, T4N,



R9W, and the period of said diversion is from January 1 to December 31 of each year. Said License No. 4015 permits the diversion of 3 cubic feet of water per second, for irrigation purposes, of Big Rock Creek within the Antelope Valley water shed to a total of 457 acres of land in Sections 28, 29, and 32, T5N, R9W, SBB&M. The point of this diversion is northwest of the southeast corner of Section 31, T5N, R9W, all within the SE $\frac{1}{4}$  of the SE $\frac{1}{4}$  of said Section 31. The period of such diversion is from January 1 to December 31 of each year.

The record shows that said licenses do not fully provide for the diversion of water for domestic purposes to the entire service area proposed herein, as shown on the map, Exhibit No. 24, supra. The agreement, Exhibit No. 20, provides that if the instant application is granted, Blalock-Eddy Ranch will use its best efforts to secure from the State Water Rights Board, an amendment of its license, or licenses, to secure the necessary water diversion permission for the entire service area certificated to applicant by the Commission.

Exhibit No. 16, a report dated January 9, 1958, on an investigation of applicant's operations for the estimated years 1958, 1959, and 1960, submitted by a Commission staff engineer at the hearing of March 31, 1958, shows total utility plant at the end of the year 1958, estimated, to be \$43,940, and the number of customers to be 20; at the end of the year 1959, total utility plant is estimated to be \$97,270, and the number of customers 70; and at the end of the year 1960, total utility plant is estimated to be \$101,770, and the number of customers 150. Such utility plant includes no estimated

amounts for water rights which applicant has included in its application for authority to issue stock, as hereinbefore outlined.

Staff Recommendations

Exhibit No. 16, supra, in Chapter 6 thereof, contains 9 recommendations of the Commission staff, some of which were accepted by applicant and incorporated in the revised agreements, Exhibits Nos. 20 and 21, each supra, principally as the result of informal conferences between accounting and engineering staff representatives and applicant's principals including its president, counsel, and consulting engineers, held subsequent to the March 31, 1958 hearing, all as outlined in Exhibit No. 17, supra, and in Exhibit No. 30. The record shows that the staff continued, at the November 18 hearing, to recommend that applicant should not be authorized to acquire the 1850 feet of existing 8-inch unwrapped steel main, shown in paragraph 28 on page 13 of Exhibit No. 16, since such main must be removed from its present location because it interferes with the proposed subdivision.

Exhibit No. 15 is a copy of a water supply permit issued by the State of California, Department of Public Health, on February 27, 1958, covering Tract No. 24246. To the extent that said exhibit covers the first of the proposed four subdivisions of resubdivided Tract No. 23863, said exhibit satisfies the first staff recommendation contained in Chapter 6 of Exhibit No. 16. Applicant should, of course, secure any additional water supply permits required by the State Department of Public Health for additional areas to be served with domestic water.

Claimed Value of Water Rights

The record contains much testimony purporting to sustain applicant's claims of values for water rights against which it

proposes to issue and sell its common stock to Blalock-Eddy Ranch in the approximate amount of \$475,000. Applicant set a figure of \$10 per acre-foot, which was derived in part by comparing the cost of water sold by Metropolitan Water District to its member agencies, and, by extrapolating said figure in perpetuity for the three second feet of water contracted for between applicant and the Ranch and the 280/960 stock entitlement of applicant's proposed ownership of shares of Big Rock Mutual Water Company, arrived at said amount of \$475,000. Exhibit No. 27 purports to show the general water development expenditures in connection with Blalock-Eddy Ranch, and allied operations, totaling \$532,955.65.

Findings and Conclusions

The Commission finds as a fact and concludes that public convenience and necessity require that the application for a certificate of public convenience and necessity to acquire, construct, extend, and operate a public utility water system in the area described in paragraph II of the application as amended and as shown on the maps, "C-2" and Exhibit No. 24, should be granted subject to certain contingencies and the order hereinafter will so provide.

Based on the record in these proceedings the Commission concludes that the contract between applicant and Blalock-Eddy Ranch, Exhibit No. 20, supra, should be revised in order to assure to applicant an adequate, firm, domestic water supply for the area sought to be certificated. In its present state said contract does not contain such assurance. It appears from the record that the relative priority to the water rights in the area is undetermined, and that applicant's ultimate rights to its sources of water supply are not set forth clearly in said Exhibit No. 20. It is concluded, therefore, that a revised contract should be made which would

strengthen the present contract provisions concerning the rights of applicant to obtain three second feet of continuous domestic water supply.

The revised contract, ordered hereinafter to be secured by applicant, should provide that applicant should have clear right and title to any part of the first three second feet, specified hereinafter, which might be required, from time to time, to make said quantity of continuous domestic water supply available to applicant as needed. Such first three second feet of water should be specified as that water available to, or which could be developed by, Blalock-Eddy Ranch and its successors or assigns by reason of said Ranch's entitlement to Big Rock Mutual Water Company supply through the ownership by the Ranch of 6,958 shares of Llano Mutual Water Company stock, by reason of the so-called "Kidd Agreement", and by reason of the ownership by the Ranch of 280 shares of Big Rock Mutual Water Company stock, should these 280 shares not be acquired by applicant, from the surface flow and subsurface water of Big Rock Creek including "Big Rock Basin".

Diversion of the specified three second feet of water should be permitted under the revised contract to be made by applicant from its Well No. 5 and the site extended thereto, from applicant's easement to use the so-called "Luce Property" hereinbefore referred to, or from the use by applicant of any other lands owned or controlled by the Ranch which may be located in the so-called "Big Rock Creek Basin", as necessary. Such revised contract should also provide that the term "maximum development", as referred to in Exhibit No. 20, supra, should be defined as the development by applicant of not in excess of three wells at applicant's well site in the NE $\frac{1}{4}$  of the NE $\frac{1}{4}$  of Section 6, as

hereinbefore set forth; that standby use of Blalock-Eddy Ranch wells may be made by applicant prior to further development by applicant of its well site in the channel section; that applicant may purchase any number of such Ranch wells if such purchase would be more economical than further development by applicant of its well site in the channel section; and that in the event it becomes necessary for applicant to install source of water supply facilities on the "Luce Property", or elsewhere, applicant may continue to use whatever source of supply facilities which may prove to be most economical to it, regardless of water availability at its well site in the channel section.

Applicant should record its rights to the first three second feet of continuous flow as provided in the revised contract. Such recordation should be made with the Los Angeles County Recorder by means of a suitable instrument, and the order hereinafter will so provide.

The storage and transmission, and distribution pipe-line facilities proposed to be acquired by applicant, or proposed to be installed by applicant, appear to be adequate, and applicant's principals appear to be financially responsible. However, cross-examination of applicant's witnesses concerning original cost of existing facilities to be acquired showed many deficiencies. In this regard the staff recommendation that applicant submit the original cost of the utility plant, estimated if not known, together with the related depreciation reserve requirement, will be required by the order hereinafter.

Applicant's proposed rates for water service will be authorized to be filed as modified by the ensuing order. No finding as to their ultimate reasonableness is entered herein since the area

is as yet undeveloped and no results of applicant's operations thereunder are available. The Commission reserves the right, as always, to review the initially established schedule of rates at any time in the future as to their reasonableness, but they appear to be reasonable for applicant's immediately foreseeable operating conditions.

Applicant's request to issue stock in the total amount of \$650,000 will be granted in part and denied in part. That portion of stock for which authority to issue is sought to acquire water rights from Blalock-Eddy Ranch and stock in Big Rock Mutual Water Company, which it is estimated amounts to a total of \$475,000, will be denied. Such denial is based on our finding that to authorize the issuance of such stock for such purposes and in such amount would not be in the public interest, and that applicant's ratepayers should not be burdened with costs, to a great degree unascertainable, of water rights' values. Such denial is based on our further conclusion that the proposed costs of acquisition of water rights and ownership of mutual water company stock are predicated upon a value concept historically not subscribed to by this Commission, and further, that the proposed costs are not realistic in view of the position in which we find applicant and its associated interests who will, themselves, be the principal beneficiaries of their subdividing and developing activities when adequate domestic and irrigation public utility water service is lawfully available to the properties proposed to be subdivided and developed as homesites, a country club, and a golf course. The fact that such water rights and mutual water company stock are owned and controlled by the Ranch does not justify their inclusion in the initial and future rate bases of the utility, the earnings on which would be borne, in perpetuity, by water consumer ratepayers.

The order which follows will authorize the applicant to issue up to 17,500 shares of its \$10 par value capital stock, of an aggregate amount of up to \$175,000, for the acquisition of the well, well site, easement to the so-called Luce Property, water tank, pumps, electric motors, pipe lines, organizational costs, and other water system facilities acquired from Blalock-Eddy Ranch or installed, or proposed to be installed, by applicant during the years 1958, 1959, and 1960, and for working cash capital.

The authorization for the issue of stock as hereinafter contained should not be construed, necessarily, as indicative of an amount to be included in a future rate base for the determination of just and reasonable rates.

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.

The order hereinafter granting a certificate of public convenience and necessity to construct and operate a domestic and irrigation public utility water company will be contingent upon the following:

- a. That applicant, or Blalock-Eddy Ranch, secures an amendment to its State Division of Water Resources license or licenses permitting it to divert water for beneficial use on all of the lands included in the certificated area and secures revisions of the contract with the Blalock-Eddy Ranch, Exhibit No. 20, as set out hereinbefore, and

- b. That, as to the proposed irrigation service to The Crystallaire Country Club under the terms of the agreement, Exhibit No. 21, applicant secures the 280 shares of stock of Big Rock Mutual Water Company or any other source of water supply of equal water-producing capacity to fulfill the irrigation water service requirements as set forth in said exhibit.

The Commission finds as a fact that it is not in the public interest to authorize applicant to issue any of its common stock for the acquisition of water rights from Blalock-Eddy Ranch or for the acquisition of stock of Big Rock Mutual Water Company.

The Commission further finds as a fact that it would not be in the public interest for applicant to over-extend its operations and the order hereinafter will provide that the applicant shall not extend its water system outside the boundaries of the area certificated by the ensuing order without further order of the Commission.

#### O R D E R

Application, as amended, as above entitled having been filed, public hearings having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That Llano del Rio Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to acquire, construct, extend and operate a domestic and irrigation public utility water system in the vicinity of Llano, Antelope Valley, in unincorporated territory of Los Angeles County, in the area described in paragraph II of the application as amended and as delineated on the maps, Exhibit "C-2", attached to the application, and Exhibit No. 24 filed at the hearing, subject to the following conditions:
  - a. That the certificate herein granted shall not become effective until (1) applicant shall have certified in writing to the Commission, over the signature of a responsible officer, that either it or Blalock-Eddy Ranch has secured an amendment, or amendments, to its license, or licenses, for diversion and use of water from the State Water Rights Board permitting applicant to put to beneficial use water diverted from the underflow of Big Rock Creek in



Los Angeles County, tributary to Mojave Desert, covering all of the area certificated herein and (2) applicant shall have revised its contract with the Blalock-Eddy Ranch incorporating therein the suggested additional provisions and changes set forth in the Opinion portion of this decision under Findings and Conclusions; all in a manner acceptable to the Commission.

- b. That the certificate herein granted shall not become effective until applicant shall have certified in writing to the Commission, over the signature of a responsible officer, that an instrument setting forth the conditions relating to the rights of applicant to the first three second feet of continuous flow, which rights shall meet the conditions of Ordering Paragraph 1.a. herein, has been recorded with the Los Angeles County Recorder and a copy of said instrument has been filed with the Commission.
- c. That the certificate herein granted, insofar as it applies to irrigation service to The Crystallaire Country Club under the terms of Exhibit No. 21, shall not become effective until applicant shall have certified in writing to the Commission, over the signature of a responsible officer, that it has secured the 280 shares of stock of Big Rock Mutual Water Company or any other source of water supply of equal water-producing capacity to fulfill the irrigation water service requirements as set forth in said exhibit.
2. That applicant shall not extend its water system outside the boundaries of the area certificated herein without further order of the Commission.
3. That applicant be and it is authorized to file, after the effective date of this order, 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, 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.
- 4a. That applicant shall be and it is authorized at such time as it has met the conditions imposed by Ordering Paragraph 1 hereinabove to carry out the terms and conditions of the written contract entered into on April 30, 1958 with The Crystallaire Country Club, Exhibit No. 21 filed at the hearing, and to render the service described therein under the terms, charges and conditions stated therein.
- b. That applicant shall file with the Commission, within forty days after the system is placed in operation under the rates and rules authorized herein, two certified copies of the contract as executed, together with a statement of the date on which the contract is deemed to have become effective.

- c. Applicant shall notify this Commission of the date of termination of said contract within thirty days from and after said date of termination.
5. That 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 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 various properties of applicant.
6. 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 1st 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.
7. That, if the authorization herein granted is exercised, applicant shall procure and dedicate to water utility purposes the lots or areas on which the wells, pumps and tanks are or are to be located and the easements or permits where any other wells, pumps, tanks and pipe-line mains are or are to be located in lots, other than in public streets and shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, one copy of each appropriate document showing such procurement, dedication, easement or permit.
8. That, if the authorization herein granted is exercised, applicant shall file, within sixty days thereafter, a report setting forth the original cost, estimated if not known, of the utility plant proposed to be acquired, together with the related depreciation reserve.
9. That applicant is authorized to issue up to 17,500 shares of its common stock at a par value of \$10 per share for a total of up to \$175,000 to Blalock-Eddy Ranch, a corporation, for conveyance to applicant of the well site, well, pumps, motors, storage tanks, pipe lines, and easements to the Luce Property and transmission pipe line, and for other water system facilities installed, or proposed to be installed, by applicant, and for cash, all as outlined in the preceding opinion, and that no issuance of applicant's

common stock, or use of the proceeds from the issuance of stock authorized herein, is authorized for the purpose of acquiring water rights from Blalock-Eddy Ranch or for the acquisition of stock of Big Rock Mutual Water Company. 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 required by applicant for the specific purposes herein stated and that such purposes are not reasonably chargeable to operating expenses or to income.

10. That applicant shall file with the Commission a report or reports as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
11. That the authority herein granted will expire if not exercised within one year from the effective date hereof.
12. That in all other respects the application as amended 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 24<sup>th</sup> day of March, 1959.

E. L. Fox  
President  
W. H. H. H. H. H.  
Th. H. H. H. H. H.  
Everett H. Ray  
Commissioners

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

An area comprising approximately 1,140 acres located in portions of Sections 4, 5 and 6, T.4 N. and Sections 31 and 32, T.5 N., all in R.9 W., S.B.R. & M., near Llano, Los Angeles County.

RATES

Quantity Rates:

	Per Meter Per Month
First 800 cu.ft. or less .....	\$ 3.00
Next 1,200 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 .....	\$ 3.00
For 3/4-inch meter .....	3.50
For 1-inch meter .....	4.50
For 1-1/2-inch meter .....	8.00
For 2-inch meter .....	15.00
For 4-inch meter .....	50.00
For 6-inch meter .....	100.00

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

APPENDIX A  
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## Schedule No. 11

LIMITED METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished to Blalock-Eddy Ranch.

TERRITORY

An area comprising approximately 1,140 acres located in portions of Sections 4, 5 and 6, T.4 N. and Sections 31 and 32, T.5 N., all in R.9 W., S.B.B. & M., near Llano, Los Angeles County.

RATES

		Per Meter Per Month
Quantity Rates:		
First	800 cu.ft. or less .....	3.00
Next	1,200 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 .....	\$ 3.00
For	3/4-inch meter .....	3.50
For	1-inch meter .....	4.50
For	1-1/2-inch meter .....	8.00
For	2-inch meter .....	15.00
For	4-inch meter .....	50.00
For	6-inch meter .....	100.00

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

SPECIAL CONDITIONS

1. Service under this schedule will be limited to one service connection and a quantity of water not to exceed 2,000 cubic feet per day.
2. The service connection will be located by the utility at approximately the southerly boundary line of the northerly 1/4 of Section 32, Township 5 North, Range 9 West, S.B.B. & M., said point of connection being at or within the boundary of the utility's certificated service area.

APPENDIX A  
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Schedule No. 31

IRRIGATION SERVICE

APPLICABILITY

Applicable to untreated gravity water service furnished to The Crystallaire Country Club.

TERRITORY

An area comprising approximately 1,140 acres located in portions of Sections 4, 5 and 6, T.4 N. and Sections 31 and 32, T.5 N., all in R.9 W., S.B.B. & M., near Llano, Los Angeles County.

RATES

	<u>Per Year</u>
First 600 acre-feet or less .....	\$6,000
Over 600 acre-feet, per acre-foot .....	20

SPECIAL CONDITIONS

1. This schedule is available only upon written agreement, a copy of which agreement is on file with the Public Utilities Commission, and all terms and conditions contained in said agreement are by reference included herein.
2. A monthly charge of \$500, one-twelfth of the initial charge per year, will be due and payable on the first day of each month. Charges for deliveries in excess of 600 acre-feet during the yearly period may be billed monthly or annually at the option of the utility.
3. In the event a water shortage prevents the utility from making 600 acre-feet suitably available during the year, the initial charge will be reduced by an amount equal to the difference between 600 acre-feet and the quantity in acre-feet actually delivered times \$10 per acre-foot and refunds will be made accordingly.