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**ORIGINAL**

Decision No. \_\_\_\_\_

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of S. M. WATER COMPANY, a California corporation, for a Certificate of Public Convenience and Necessity to operate a public utilities water system and to establish rates for water service in an unincorporated area described below, lying adjacent to Santa Maria Airport, including proposed Tract 10011, all in Santa Barbara County, and adjoining territories in the County of Santa Barbara, under Section 1001, ET SEQ, of the Public Utilities Code of the State of California, and for a permit to issue capital stock of Applicant Corporation.

Application No. 40623

Vernon E. Bjorklund and Robert M. Simpson,  
for applicant.  
Sidney J. Webb and W. B. Stradley, for  
the Commission staff.

O P I N I O N

This application, filed November 26, 1958 and one by Savage Water Company, filed December 12, 1958 (No. 40659), were heard, after due notice, on a consolidated record before Examiner John M. Gregory on March 3, 1959, at San Francisco. There were no protests.

Both applicants are public utility water corporations organized by individuals controlling the developer of the water systems, Santa Maria Development Company, for the purpose of supplying water in tracts near Santa Maria, Santa Barbara County, and Nipomo, San Luis Obispo County, now under development to provide necessary housing in the vicinity of Vandenberg Air Force

Base. The applications will be disposed of by separate decisions for easier identification of the respective authorities to be granted.

S. M. Water Company, a California corporation, incorporated October 31, 1958, is authorized by its articles to issue 5,000 shares of common stock of the aggregate par value of \$500,000, or \$100 per share. Applicant proposes to issue the total amount of its authorized capital stock on a dollar-for-dollar basis at cost, in exchange for conveyance of progressively installed units of a water system to be constructed over a period of about 18 months to serve, initially, a 40-acre parcel of approximately 160 lots in Unit 1 (Tract 10011) and ultimately about 1,400 residential customers and a commercial area, in Tanglewood Subdivision, comprising 425 acres of land in unincorporated territory adjacent to and west of Santa Maria Public Airport, Santa Barbara County.

Applicant also requests a certificate to construct and operate the entire system and authority to file initial rates for water service, commencing with a monthly metered rate of \$3.50 which will allow up to 600 cubic feet of water.

The estimated cost of facilities to be installed, which are described in detail in the application and in exhibits submitted at the hearing, is \$479,460. Additional costs for organization, land, office equipment, general equipment, materials and supplies and working cash, amounting to \$32,200, bring the total estimated cost of the system to \$511,660. The facilities appear to be adequate for the service to be rendered.

Robert M. Simpson, a prospective shareholder and a former owner of a public utility water company, will manage both utilities from a common office at Santa Maria with separate telephone and other facilities for each utility.

We find that public convenience and necessity require the construction and operation of a public utility water system by S. M. Water Company, a corporation, within the area requested herein and specifically described in the order to follow. We further find that the initial rates proposed for water service in said area are reasonable. The authorization to issue stock, as requested by applicant, should and will be granted, subject to the conditions in the order which follows.

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.

O R D E R

Public hearing having been held herein, the application and evidence in support thereof having been considered, the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that:

1. A certificate of public convenience and necessity be and it hereby is granted to S. M. Water Company, a corporation, to construct and operate a public utility system for the sale and distribution of water within the territory described as follows:

That parcel of land in the PADEREWSKI SUBDIVISION UNIT NO. 1, recorded in Book 15 of Maps, at page 27, Records of Santa Barbara County; said parcel to include all of Lots 177 to 179, inclusive; 220 to 225, inclusive; 250 to 257, inclusive; 207, 208, 242, 243, 248, 249 and a portion of Lots 174 to 176, inclusive; 180, 181 and all of interior and adjacent county roads; said parcel being more particularly described as follows:

COMMENCING at the intersection of the center lines of Black Road and Dutard Road; thence North 5062.30 feet along the center line of Black Road as said center line is shown on Map of Paderewski Subdivision Unit No. 1, above referred to; thence running east at right angles to the last described course to the boundary of the Santa Maria Airport; thence south along the west boundary of said Santa Maria Airport to the center line of Eleventh Street; thence east along the center line of Eleventh Street to a point on the center line of E Street; thence south along the center line of E Street to a point on the center line of Dutard Road; thence west along the center line of Dutard Road to the point of beginning, as shown on the map attached to the application as Exhibit 1.

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 400 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 water system properties of applicant.

5. 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.

6. (a) Applicant, after the effective date hereof and on or before December 31, 1960, may issue not exceeding 5,000 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 in whole 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, insofar as applicable, is made a part of this order.

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

Dated at San Francisco, California, this 23rd day of June, 1959.

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

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including the subdivision known as Tanglewood, and vicinity, located approximately 4 miles southeasterly of the City of Santa Maria, Santa Barbara County.

RATES:

Per Meter  
Per Month

Quantity Rates:

First	600 cu.ft. or less .....	\$ 3.50
Next	1,400 cu.ft., per 100 cu.ft. ....	.30
Next	2,000 cu.ft., per 100 cu.ft. ....	.25
Next	6,000 cu.ft., per 100 cu.ft. ....	.20
Over	10,000 cu.ft., per 100 cu.ft. ....	.16

Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 3.50
For	3/4-inch meter .....	4.50
For	1-inch meter .....	6.50
For	1 1/2-inch meter .....	11.25
For	2-inch meter .....	16.00
For	3-inch meter .....	26.00
For	4-inch meter .....	40.00

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. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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 Tanglewood, and vicinity, located approximately 4 miles southeasterly of the City of Santa Maria, Santa Barbara County.

RATE

Per Month

For each standard type hydrant ..... \$3.50

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.