

ORIGINAL

Decision No. 59030

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ROSA WATER COMPANY
to operate a water system in the
vicinity of Simi, California.

Application No. 40685

William E. McFaden and James M. Hall, for applicant.
Carl Sailer; Richard Bard, Jr., for Berylwood-Simi
Company; Mrs. Martha Ross; C. Mavro Warren; and
Joseph Schreiber, for Tapo Mutual Water Company;
interested parties.
A. L. Gielegem, Richard Entwistle and D. B. Steger,
for the Commission's staff.

OPINION ON FURTHER HEARING

The application herein, as amended, sought a certificate of public convenience and necessity to render service as a public utility water company in Tract No. 1040, Ventura County, California; to establish rates, to exercise a franchise, and to issue stock. After a public hearing, Decision No. 58772 was rendered on said application on July 21, 1959, denying the requested certificate for the reason that the water was found unfit for drinking and culinary purposes.

On July 30, 1959, the applicant filed a Petition for Rehearing.

By Decision No. 58934, dated August 25, 1959, in Application No. 40685, the Commission made its "Order Denying Rehearing and Reopening for New and Additional Evidence and Notice of Hearing".

Pursuant to said order, a hearing was held before Examiner Kent C. Rogers in Los Angeles on September 2, 1959, additional evidence was presented and the matter was submitted.

The background of the applicant is set out in Decision No. 58772, supra. At the first hearing, held on June 9, 1959, evidence was presented which, due to the denial of the application by Decision No. 58772, was not commented on in said decision. This evidence concerned rates, franchise, and financing. The evidence at the hearing on September 2, 1959, concerned the water supply and the cost of new facilities.

Financing

At the time of the original hearing, applicant sought authority to issue 450 shares of \$100 par value stock to the officers and directors of the corporation. Thirty-five thousand dollars of this sum was to be used to acquire the existing plant which includes a well and well site in the service area. On the well site are the storage tank, pressure tank, pumps and related facilities. The water from this well was held to be nonusable for drinking and culinary purposes by Decision No. 58772. The cost of the well was \$1,099 (Exhibit No. 4), and as the well is nonusable, at this time, stock issue funds cannot be used to finance its acquisition. In order to secure the certificate requested, applicant has an option to acquire a well site containing two wells located approximately 2300 feet south of the existing well (Exhibit No. 9). It will cost applicant \$7,500 to acquire said properties and applicant has option therefor. It proposes to install up to an 8-inch main from the well site to the existing storage tank and facilities in Tract No. 1040. This line will cost a total of approximately \$8,050 if applicant can secure a direct right of way, or approximately \$25,200 if applicant is required to use the highways (Exhibit No. 9). Negotiations are in progress for the acquisition of a right of way from the Berylwood Investment Company which owns the land south of the service area but no agreement has been reached and the cost of the right of way is not known.

Applicant also intends to drill an additional well on the said well site at an estimated cost of \$2,500. No additional financing was requested for any of these facilities and applicant indicated that when the cost was determined an application would be filed for authority to issue stock to cover the cost thereof. In addition to the cost of the plant and necessary related organizational expenses to be financed by the \$35,000 worth of stock referred to, applicant requests that it be authorized to issue an additional \$10,000 worth of stock, or 100 shares, \$6,704.95 of this sum to be used to pay accounts payable and the balance of \$3,295.05 for working cash. Applicant will be authorized to issue not to exceed 450 shares of its \$100 par value stock to the officers and members of the corporation for the purposes herein specified, provided that no portion of such funds shall be used to pay for the existing well in Tract No. 1040.

Applicant may execute a subdivision main extension refund agreement as requested for the refund in the amount of \$28,519.96 for mains, services and hydrants installed by the subdivider of Tract No. 1040.

Rates

Applicant proposes a schedule of rates as follows:

Quantity Rates:		Per Meter Per Month
First 1,000 cu. ft. or less		\$ 3.50
Next 1,000 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.175
Minimum Charge:		
For 5/8 x 3/4-inch meter		\$ 3.50
For 3/4-inch meter		4.50
For 1-inch meter		7.50
For 1½-inch meter		15.00

All services are to be metered.

These rates appear reasonable and will be authorized.

The staff recommended that applicant file a proposed rate for fire hydrant service. The applicant should proceed to establish such a rate in accordance with the procedures prescribed by the Commission's General Order No. 96.

The Water Supply

At the original hearing the proposed water supply was from a well on Tract No. 1040. This water was found to be unfit for drinking and culinary purposes (Exhibit No. 3), and the application was denied. Applicant has developed a new source of supply from wells approximately 2300 feet south of the service area (Exhibit No. 9). This water is potable (Exhibit No. 10) and a water supply permit has been issued by the State Department of Public Health (Exhibit No. 7). These two wells were tested separately on August 14 and 15, 1959 (Exhibit No. 8) and produced a total of approximately 57 gallons of water per minute. The record herein shows that the average demand requirement for Tract No. 1040 will be 46 gallons per minute (Exhibit No. 11). A staff engineer stated that the two wells are only 250 feet apart and their combined production would therefore be less than the tested production above referred to due to interference between the wells. He said that the ground water in the area of the wells is being pumped at an excessive rate and recommended that if a certificate is granted it be restricted to Tract No. 1040. The record herein shows that unless restricted, applicant intends to extend service to an adjacent subdivision known as Tract No. 1099.

Conclusion

From the record herein, it appears, and we find, that public convenience and necessity require the granting of the certificate of public convenience and necessity as hereinafter set forth.

It further appears, and we find, that public convenience and necessity require that applicant exercise the rights, privileges and franchise granted to applicant by the County of Ventura by Franchise Ordinance No. 727.

The certificate of public convenience and necessity herein granted is subject to the conditions set forth in the order herein and to the following provision of law:

The Commission shall have no power to authorize the capitalization of the franchise involved herein or this certificate of public convenience and necessity or the right to own, operate or enjoy such franchise or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the issuance of such franchise, certificate of public convenience and necessity, or right.

It further appears, and we find, that applicant shall be permitted to file the schedule of rates as set out in Appendix A of this order herein.

The Commission is of the opinion and finds that the money, property or labor to be procured or paid for by the issuance of the stock herein authorized to be issued by applicant is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

In issuing our order herein, we place Rosa Water Company and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the approval herein given is not to be construed as a finding of value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

ORDER ON FURTHER HEARING

The above entitled matter having been filed, public hearings having been held thereon, the matter having been submitted and the Commission having made the foregoing findings, and based upon said findings,

IT IS HEREBY ORDERED that Rosa Water Company, a California corporation, be and it is granted a certificate of public convenience and necessity to construct and operate a public utility water company in that portion of Ventura County, State of California, described as Tract No. 1040.

This authority is subject to the condition that Rosa Water Company shall not extend service beyond the limits of said Tract No. 1040 without further order of this Commission. When a sufficient supply of water is developed, applicant may file a supplemental application for authority to serve Tract No. 1099 and if a sufficient potable supply of water is shown, the Commission may, with or without a hearing, amend applicant's certificate to permit service to Tract No. 1099.

IT IS HEREBY FURTHER ORDERED:

(1) That Rosa Water Company be and it is authorized and directed to file within thirty days after the effective date of this order, the rates set forth in Appendix A attached hereto, to be effective on or before the date service is first rendered to the public under the authority herein granted, together with rules and a 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 on five days' notice to the Commission after filing as hereinabove provided.

(2) That applicant shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.

(3) That within sixty days after the effective date of this order, Rosa Water Company shall file with this Commission, four copies of a comprehensive map, drawn to an indicated scale of not smaller than 300 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 its various water utility properties.

(4) That applicant shall determine the accruals for depreciation by dividing its 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.

(5) That Rosa Water Company may issue not to exceed 450 shares of its \$100 par value stock to the parties and for the purposes specified in the foregoing opinion, subject to the restriction that none of the proceeds of said issuance may be used in reimbursement for the cost of the existing well in Tract No. 1040.

(6) That Rosa Water Company shall file with this Commission monthly reports as required by General Order No. 24A, which order insofar as applicable is hereby made a part of this order.

(7) That a certificate of public convenience and necessity be, and it hereby is, granted to Rosa Water Company to exercise the rights, privileges and franchise granted to it by Franchise Ordinance No. 727 of the County of Ventura which ordinance was adopted on October 28, 1958, by the Board of Supervisors of Ventura County.

(8) That Rosa Water Company shall within sixty days after the effective date of this order install suitable measuring devices at its source or sources of supply and so advise the Commission in writing.

The effective date of this order shall be the date upon which Rosa Water Company has available for use, water from the wells referred to in the opinion herein located approximately 2300 feet south of the service area and has notified this Commission thereof in writing.

Dated at San Francisco, California,
this 22nd day of September, 1959.

Robert H. Bay
President
John E. McHugh
William J. Smith
E. Lynn Fox
Richard J. Jensen
Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Tract 1040, located approximately one mile east of Simi, Ventura County.

RATES

Per Meter
Per Month

Quantity Rates:

First 1,000 cu.ft. or less	\$ 3.50
Next 1,000 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.175

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 3.50
For 3/4-inch meter	4.50
For 1-inch meter	7.50
For 1 1/2-inch meter	15.00

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