

ORIGINAL

Decision No. 60101

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of COWAN HEIGHTS WATER COMPANY
to Extend its Water System in the Vicinity
of El Modens, Orange County, California

Application No. 41808
(Amended)

O P I N I O N

Cowan Heights Water Company, a corporation, by this application filed December 29, 1959 and the amendment filed March 16, 1960 requests a certificate of public convenience and necessity to furnish public utility water service to Tract No. 3442, near Tustin, Orange County.

Applicant's presently certificated area consists of an 800 acre tract of land, known as the Cowan Ranch, lying in county territory about 2 miles northeast of Tustin. The certificate of public convenience and necessity to serve this area was granted applicant by Decision No. 57839, dated January 6, 1959 in Application No. 40060. This decision also restricted applicant from extending service outside the area certificated therein, without further order from this Commission.

Tract No. 3442 comprises approximately 17 acres containing 31 residential lots. It is situated about 1,100 feet southwest of applicant's presently certificated area and is contiguous to the service area of Tustin Water Works.

Tustin Water Works does not desire to serve Tract No. 3442, whereas applicant not only requests authority to serve this tract, but also represents that it eventually may want to furnish public utility water service to the intervening land.

The water supply for Tract No. 3442 is to be obtained pursuant to the terms of applicant's water purchase agreement with Tustin Water Works, a copy of which agreement is attached to the amendment to the application as Exhibit A Amended. The pipeline distribution system, including a short supply transmission line from Tustin Water Works service area, has been installed by the subdivider, Walter K. Calland, at an estimated cost of \$11,300. This cost excludes the cost of meters which are to be provided by applicant. The system as installed appears to be well designed and meets the minimum requirements of General Order No. 103.

Applicant proposes to extend its water system facilities for service in Tract No. 3442 by means of a main extension agreement, a copy of which accompanies the amendment to the application as Exhibit C Amended. This agreement provides for refunding of the cost of the facilities in Tract No. 3442 on the percentage of revenue method, pursuant to Paragraph C. 2.b. of applicant's filed Rule No. 15, Main Extensions.

The extension of service to Tract No. 3442 is unusual in that the extension of physical plant by means of the supply line is from Tustin Water Works and not from applicant's existing water system. However, under the circumstances this should not preclude the application of applicant's main extension rule, and we find in this case that the extension should be permitted to be made in accordance with this rule.

Applicant proposes to furnish water service within Tract No. 3442 in accordance with its rates, charges and rules now on file and in effect with this Commission for its existing service area.

Applicant estimates that operating expenses, including taxes and depreciation expense, for Tract No. 3442, will amount to about \$2,500 per year when fully developed and occupied. This is based on an estimated average water consumption of 5,000 cubic feet per month per customer. On this same basis, operating revenues would aggregate approximately \$3,350 per year, and under the proposed main extension contract, there would be a refund obligation of about \$740 per year.

There do not appear to be any utilities, publicly or privately owned, with which applicant will be likely to compete within the area requested, other than Tustin Water Works which does not desire to render the service. No protests regarding this matter have been received by the Commission.

The Commission has considered this matter and is of the opinion and so finds that public convenience and necessity will require the services of Cowan Heights Water Company as a public utility water system in the territory referred to in this application, and as shown in Exhibit B thereto, that the authority requested in the application should be granted and that a public hearing is not necessary.

The certificate hereinafter granted 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 and 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

IT IS HEREBY ORDERED that:

1. a. A certificate of public convenience and necessity be and it hereby is granted to Cowan Heights Water Company, a corporation, to construct and operate a public utility system for the distribution and sale of water within Tract No. 3442, Orange County, shown on Exhibits B and C attached to the application.

b. Applicant shall not extend service outside of the area herein certificated without further authority from this Commission.

2. Applicant is authorized to apply its presently filed tariff schedules to the area certificated herein.

3. Applicant shall file within thirty days after the effective date of this order and in conformity with General Order No. 96, revised tariff schedules acceptable to this Commission, including preliminary statement and tariff service area map, to provide for the application of said tariff schedules to the area certificated herein. Such revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

4. Applicant shall file, within thirty 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 300 feet to the inch, delineating by appropriate markings the tract of land and territory served; the principal water production, storage and distribution facilities, including the pertinent portion of Tustin Water Works interconnecting system; and the location of the various water system properties of applicant certificated herein.

5. Applicant is authorized to carry out the terms and conditions of the unexecuted main extension agreement, a copy of which is attached to the application amendment as Exhibit G Amended.

6. If the authority granted by Paragraph 5 above is exercised, applicant shall, within fifteen days thereafter, file with this Commission two certified copies of the agreement as executed.

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

Dated at Los Angeles, California, this 17th
day of May, 1960.

[Signature]
President

[Signature]

[Signature]

_____ Commissioners