

ORIGINAL

Decision No. 60439

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application
No. 41370

Application of ROSA WATER COMPANY, a
California corporation, to construct and
operate a water system in the vicinity of
Santa Susana, California; and to establish
rates.

Application
No. 41917

In the Matter of the Application of ROSA
WATER COMPANY, a corporation, for authority
to issue shares of its capital stock and for
authority to construct and operate a water
supply line.

Application
No. 42221

Gibson, Dunn & Crutcher, by Raymond L. Curran, for
applicant.
Hugh Doyle Gamble, for Max Rosenberg & Sons and
Robert Callahan; R. E. Herrington; Jack
Rosenberg; interested parties.
A. L. Gielegem and Donald B. Steger, for the
Commission staff.

O P I N I O N

The three applications herein were consolidated for
public hearing, and hearings thereon were held before Examiner
Kent C. Rogers in Simi, California, on June 10 and 15, 1960, and
in Los Angeles on June 16, 1960. At the close of the last day
of hearing the matter was submitted. Prior to the first day of
hearing notice was published and served on the consumers as
required by this Commission.

A.41870, A. 41917, A.42221 - GH

By Application No. 41870, filed on January 18, 1960, applicant requests authority to extend service to Tract No. 1099, Ventura County, which tract is immediately north of and contiguous to its existing service area.

By Application No. 41917, filed with this Commission on February 3, 1960, applicant requests a certificate of public convenience and necessity to furnish water to Tract No. 1134 and a school in Ventura County, approximately four miles east of its certificated area.

By Application No. 42221, filed with this Commission on May 5, 1960, applicant seeks authority to acquire a well site and a well, to construct and operate a water supply line, and to issue stock in exchange for the well, the well site and cash to finance the construction of the supply line.

Application No. 41870
and
Application No. 42221

By Decision No. 59030, dated September 22, 1959, in Application No. 40685, applicant was given authority to serve Tract No. 1040, subject to the restriction that it could not extend service beyond the boundaries of said tract without further order of the Commission. The Commission stated that when a sufficient supply of water is developed applicant may file a supplemental application to serve Tract No. 1099.

Application No. 41870 is the request to serve said Tract No. 1099. Application No. 42221 reflects applicant's proposed method of securing potable water with which to serve the existing service area and other tracts en route.

The cost of the water system in Tract No. 1099 is approximately \$28,000, which is to be financed in accordance with applicant's filed main extension rule.

The rates for Tract No. 1099 will be the same as those in effect in Tract No. 1040. There are 159 lots in Tract No. 1040. There are 128 residences and six commercial lots in Tract No. 1099. Applicant is now serving Tract No. 1099 without charging the consumers. All services are to be metered.

Tract No. 1235, located immediately west of Tract No. 1099, is now under construction, with houses to be built on all 130 lots. Tract No. 1268, west of Tract No. 1040 and south of Tract No. 1235, is in the planning stage and will consist of 52 residential lots and one school site. The development of Tract 1268 is to start in about three months.

The record shows that public convenience and necessity requires that water be provided to Tract No. 1099, inasmuch as it is fully occupied and now served by the applicant. The question is the water supply. Applicant has four wells; one in Tract No. 1040, one in Tract No. 1099, and two wells sometimes referred to as the Currier wells, located approximately 2300 feet south of Tract No. 1040. The two wells in the Tracts Nos. 1040 and 1099 are presently unusable because of excessive mineral content in the water (Exhibit No. 3). The two Currier wells south of Tract No. 1040 produce a total of 82 gallons of potable water per minute. In addition, applicant has in Tract No. 1040 storage tanks having a total capacity of 336,000 gallons of water. The capacity of the storage tanks, plus the 82 gallons per minute of water from the two wells south of Tract No. 1040, is sufficient to satisfy the peak demands for a period of three hours, but such demand would leave the storage tanks empty at the end of said period. To supplement the existing sources of supply applicant proposes to enter into agreements for the acquisition of a well, well sites and rights-of-way and to construct a pipeline from the well in Tapo Canyon to its existing service area, Tract No. 1040, a distance

of approximately five miles. This pipeline will pass along a route shown on Plat 1 of Exhibit No. 22 herein, and will enable applicant to serve en route proposed Tract No. 1198 of 320 acres; a mutual water company area; tentative Tract No. 1206 in the Callahan Ranch, containing 140 acres of which 20 acres are to be developed commercially, 20 acres for manufacturing purposes and 100 acres for residential purposes; and Tract No. 1212-1 containing 26 acres in which the water system has been installed and 89 homes are under construction. These tracts are either under development or planned for the immediate future, and the applicant has been requested to furnish water thereto. It has either filed or proposes to file applications with this Commission for authority to serve these additional areas plus the areas contiguous to the certificated area.

The pipeline will also pass the Kushner development which will contain 128 residential lots. This area is to be served by a mutual water company which applicant intends to acquire. The distribution system has been installed and all houses are under construction in the first of two units.

In order to obtain the water and facilities to enable it to serve the existing service area, as well as the said proposed areas, applicant has amended its Articles of Incorporation to permit it to issue common and preferred stock having an aggregate par value of \$600,000. Applicant proposes to issue 1500 shares of common stock having a par value of \$100 per share and 1000 shares of 3 percent preferred stock having a par value of \$100 per share for a total par value of \$250,000. The stock will be issued in the amount of \$42,000 in exchange for a well and well site, and for cash in the amount of \$208,000 to: (1) equip the well and construct a water line from the well site at a cost of \$165,000; (2) pay \$5000 to discharge an indebtedness of the company represented by open accounts in connection with the development of the Currier wells serving Tracts

A. 41870, A.41917, A.42221 GH

Nos. 1040 and 1099; (3) discharge an indebtedness of \$26,000 now represented by open accounts arising in connection with the installation of a water supply line from the existing Currier wells to Tract No. 1040; and (4) raise \$12,000 in working capital. The itemization of the proposed use of this \$250,000 is shown on Exhibit No. 20. The proposed method of construction of the line is shown on Exhibit No. 22 herein.

The water from the Tapo Canyon well on the property to be acquired by the applicant is potable (Exhibit No. 16) and applicant has a permit for its use (Exhibit No. 17). The well in the Tapo Canyon is capable of producing approximately 800 gallons of water per minute, and the applicant will be able to acquire this well and drill additional wells on the well site.

Application No. 41917

By this application the applicant seeks authority to serve Tract No. 1134 and a school to be located south of the existing service area. This tract has 82 completed homes. The area will be supplied with water from a well producing 90 gallons per minute (Exhibit No. 5) located on a well site near Tract No. 1134. This well has a greater fluoride content than is permissible (Exhibit No. 7) but the applicant has ordered and is having constructed a defluoridation plant which will reduce the fluoride content to less than the maximum allowed by the State Department of Public Health. There is a 30-horsepower pump on the well, and the water will be stored in a 210,000-gallon steel storage tank (Exhibit No. 11). The water system in Tract No. 1134 was installed in April, 1960 and 35 homes are receiving water service. Applicant has entered into a lease (Exhibit No. 9) for a standby well which could be connected to the system. The record indicates that the water from this well would require treatment to meet standards acceptable to the State Department of Public Health. Applicant's rates will be the same as those

heretofore filed by the applicant and in effect in Tract No. 1040. The estimated cost of construction of the facilities is \$39,500. Approximately \$18,000 of this sum will be advanced by the subdivider for mains, services, and fire hydrants, and refunded on a standard main extension percentage of revenue basis. The balance of the facilities in said tract have been installed by the applicant. It has a franchise from the County (Exhibit C on Application No. 41917) for the use of necessary public streets to serve this area.

Findings

The Commission has considered the above-entitled applications and all evidence presented at the hearings thereon. Based upon said evidence the Commission is of the opinion and finds that public convenience and necessity requires that the applicant be granted a certificate of public convenience and necessity to acquire, construct, and operate a public utility water system in Tract No. 1134 and the adjoining Knolls School site and Tract No. 1099, and to exercise the franchise granted by Ventura County Ordinance No. 840, adopted by the Board of Supervisors of Ventura County on September 8, 1959. This certificate of public convenience and necessity to construct and operate public utility water systems is subject to the conditions and restrictions set forth in the order herein and in addition to the restriction that applicant shall not extend service from the certificated area without further order of this Commission. Attention of the applicant is directed to Section 1001 of the Public Utilities Code, which provides that no water corporation shall begin the construction of a line, plant or system, or any extension thereof, without first obtaining from the Commission a certificate that such construction is required. The law is clear that such authority must be obtained before construction is commenced.

This certificate of public convenience and necessity herein granted is subject to the following provision of law:

That 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 as the consideration for the issuance of such franchise, certificate of public convenience and necessity or right.

We further find that the money, property, or labor to be procured or paid for by the issuance of the securities herein authorized 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 applicant 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 the amount to be included in its future rate base for the determination of just and reasonable rates.

Applicant will be authorized to apply its filed metered rates in Tract No. 1040 in the additional areas certificated herein.

The request to issue stock will be granted as set forth in the order herein.

O R D E R

An application having been filed, public hearings having been held thereon, the matter having been submitted and now being ready for decision, and the Commission having made the foregoing findings and based upon said findings,

IT IS ORDERED:

(1) That Rosa Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to construct and operate public utility water systems in the unincorporated portions of Ventura County, State of California, described as follows:

- a. Tract No. 1099
- b. Tract No. 1134
- c. The adjacent site of the Knolls School, described as:

Beginning at a point in the southerly line of that certain 60 foot strip of land locally known and called Katherine Avenue as described in the deed to Ventura County recorded December 2, 1931 in Book 358 page 184 of Official Records, distant along said southerly line 1779.72 feet from the westerly line of Los Angeles Avenue, 60 feet wide, at the northwesterly corner of the land described in the deed to Margaret Callahan Ish recorded February 2, 1944 in Book 687 page 74 of Official Records, thence along said southerly line, East 440 feet; thence South 297 feet; thence South 89° 58' 30" West 30 feet to the true point of beginning; thence South 00° 01' 00" West 732.95 feet; thence North 63° 27' 54" West 923.23 feet; thence North 17° 15' 15" East 378.95 feet; thence North 89° 56' 00" East 300.92 feet; thence South 50 feet; thence North 89° 58' 30" East to the point of beginning.

(2) That applicant shall not extend service beyond the limits of Tracts Nos. 1040, 1099, 1134, and the Knolls School without further order of this Commission.

(3) That applicant shall not extend service to Tract No. 1134 and the Knolls School unless and until it has installed and placed in operation defluoridation equipment sufficient to reduce the fluoride content of the water so that all water served at all times shall meet standards acceptable to the State Department of Public Health.

(4) That applicant shall develop and place in production a suitable alternate or stand-by source of water supply for Tract No. 1134 and the school site which water when served will meet standards acceptable to the State Department of Public Health.

(5) That applicant shall immediately develop for Tract No. 1099 an additional supply of potable water of at least 50 gallons per minute

continuous flow.

(6) The certificate granted in paragraph (1) above shall not become effective until applicant shall have completed the requirements of paragraphs (3), (4) and (5), all in a manner acceptable to the Commission, and shall have so notified the Commission in writing after the effective date of this order.

(7) a. That the applicant is authorized to apply after the effective date of this order its presently effective tariff schedules in Tract No. 1040 to the areas certificated herein.

b. That applicant shall file within thirty days after compliance with paragraph (5) above in quadruplicate with this Commission in conformity with General Order No. 96, revised tariff schedules acceptable to this Commission, including tariff service area maps, to provide for the application of said tariff schedules to the areas certificated herein. Such revised tariff sheet shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

(8) 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 to each territory certificated herein, within ten days thereafter in each instance.

(9) That applicant shall file within thirty days after the system is placed in operation at 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 tracts of land and territory served, the principal water production, storage, transmission and distribution facilities and the location of the various water system properties of applicant.

(10) That applicant shall install suitable measuring devices at each source of supply in order that a record may be maintained of the quantity of water produced by each source and said monthly records shall be maintained as provided in the Commission's General Order No. 103.

(11) That applicant, after the effective date hereof, may issue not to exceed 1500 shares of common stock, having a par value of \$100 per share, and 1000 shares of preferred stock, having a par value of \$100 per share, to Robert E. Schweser, William E. Buckner, or any member of the immediate families of either of said men in exchange for the well and well site, as described in Exhibit No. 13 therein, of the approximate value of \$42,000, and for cash in the amount of \$208,000 for the construction of a water supply line from Tapo Canyon to the service area and to discharge existing indebtedness, and for working cash.

(12) That applicant shall file with this Commission monthly reports as required by General Order No. 24A, which general order, in so far as applicable, is made a part of this order.

(13) That applicant be and it is granted a certificate of public convenience and necessity to exercise the rights and privileges granted by the County of Ventura by Ordinance No. 840, adopted September 8, 1959, subject to the following restrictions:

- a. That Rosa Water Company shall not exercise said franchise for the purpose of supplying water in those portions of Ventura County not now served by it except through extensions of its existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code, provided said extensions are consistent with this and other orders of this Commission with respect to limitations on extensions of service; and

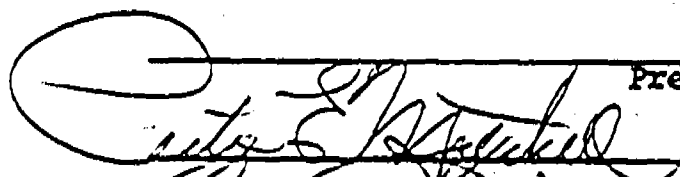

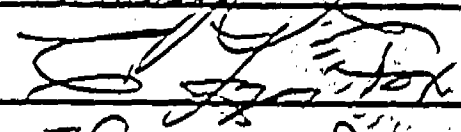
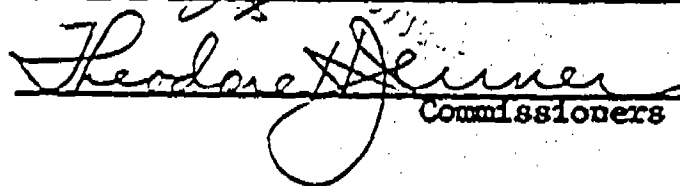
A. 41870, A.41917, A.42221 GH

- b. that this Commission hereafter might by appropriate proceeding or order limit the authority granted herein to applicant as to any territory within said county not then being served by it.

(14) That except as herein granted the applications, and each of them, are denied.

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

Dated at San Francisco, California, this 26th day of July, 1960.

 President


 Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.