

Decision No. _____

60629

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 the LAKE MARIE WATER COMPANY,
 INCORPORATED, a California corpo-
 ration, for a certificate of public
 convenience and necessity to operate
 a public utility water system, to
 establish rates therefor and for a
 permit to issue capital stock of
 said applicant corporation.

Application No. 40908
 (As Amended)

O P I N I O N

By this application, filed March 9, 1959 and as amended June 20, 1960, Lake Marie Water Company Incorporated, a California corporation, seeks a certificate of public convenience and necessity, the establishment of rates and authority to issue stock. Applicant's proposed water system initially would serve 81 lots in an area adjacent to Clark and Telephone Roads, southeast of Santa Maria, in Santa Barbara County.

Applicant's Articles of Incorporation authorize its capitalization at \$1,000,000 through the issuance of 10,000 shares of \$100 par value each. Applicant has acquired no property or assets, has incurred no debts or obligations and has no stock outstanding. Applicant proposes to acquire, construct and operate a public utility water system which it is contemplated will eventually serve subdivisions of the entire Section 8, Township 9 North, Range 33 West, San Bernardino B & M. Initially, however, applicant proposes only to serve the 81 lots of Tract No. 10,102 in the southwest quarter of said Section 8. Two of applicant's incorporators, Joseph H. Gilliland and Marie Gilliland, would install, or

cause to be installed, all source facilities, distribution mains and other water system facilities. Applicant would acquire the same on a dollar for dollar share basis of actual cost. The estimated cost of the utility plant is \$195,400. In addition, applicant anticipates the immediate need of \$2,000 in working capital. Thus, it proposes to issue 1974 shares of its stock for cash and acquisition of the utility plant.

Two wells (No. 3 and No. 4) presently exist and will be used for supplying the initial tract. One well (No. 3) lies within the tract and the other (No. 4) approximately 1,400 feet outside the tract. The distribution mains will consist of about 13,000 feet of asbestos-cement pipes ranging in size from 10 inches to 4 inches in nominal diameter. The system, as designed, appears to meet the requirements of this Commission's General Order No. 103.

Applicant's estimates of operating revenues and expenses indicate that no net revenue will be produced. It is noted, however, that the revenue estimate does not include revenues which will be derived from sales made through a proposed 8-inch industrial service connection. It is also noted that the expense estimate includes an amount for transmission and distribution mains expense which is considerably above normal for a system of this size. These may or may not be offsetting amounts, but in any event applicant can hope for no more than a nominal rate of return from the initial system.

Applicant proposes two meter-rate schedules; one for residential and one for nonresidential water usage. Also proposed is a tallied-water schedule for public works agencies, a flat-rate schedule for construction projects and a flat-rate schedule for service to trailer parks, motels and hotels. Additionally, a rate schedule is needed to cover fire hydrant rentals. In the Commission's

opinion, only one meter-rate schedule is appropriate for this system and should be applied to residential and nonresidential users, the latter including trailer parks, hotels and the like. The meter-rate schedule which the Commission finds to be reasonable, is as follows:

Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First 1,000 cu.ft. or less		\$ 6.00
Next 1,000 cu.ft., per 100 cu.ft.40
Next 1,000 cu.ft., per 100 cu.ft.30
All Over 3,000 cu.ft., per 100 cu.ft.20

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 6.00
For 3/4-inch meter	10.00
For 1-inch meter	12.00
For 1 1/2-inch meter	18.00
For 2-inch meter	24.00
For 3-inch meter	40.00
For 4-inch meter	63.00
For 6-inch meter	122.00
For 8-inch meter	192.00

Applicant's proposed flat rates for construction, developmental and tank delivery services are found to be reasonable and they will be authorized as set forth in Appendix A attached to this order.

Upon consideration of this matter, the Commission finds that public convenience and necessity require and will require the issuance of a certificate to applicant as requested. Such certificate is subject to the 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.

Further, the Commission finds that the money, property or labor to be procured or paid for by the issuance of 1974 shares of capital stock, having a par value of \$100 per share, is reasonably required by applicant for the purposes hereinabove stated and as enumerated in Exhibit E attached to the amendment to the application, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income. Applicant and its shareholders are placed on notice that this Commission does not regard the number of shares outstanding, the total par value of the shares nor any 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 to be a finding of the 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.

The Commission finds that public hearing in this matter is not necessary. The rates herein authorized may be subject to review at any time and particularly as further development of the area and attendant extensions of utility plant occur.

O R D E R

Based upon the considerations and findings contained in the foregoing opinion,

IT IS ORDERED as follows:

1. A certificate of public convenience and necessity is hereby granted to Lake Marie Water Company Incorporated, to operate as a water corporation, as defined in Section 241 of the Public Utilities Code.

2. Applicant is authorized to acquire, construct and operate a public utility water system for the production, storage, distribution and sale of water to the public within Tract No. 10,102 as said tract is delineated on Exhibit C attached to the amendment to the application herein.

3. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedules of rates and charges attached to this order as Appendix A and, with tariff service area map and rules governing customer relations acceptable to the Commission, to make said rates, charges, map and rules effective on or before the date water service is first made available to the public. Such rates, charges, map and rules shall become effective on five days' notice to the Commission and to the public after such filing.

4. Within sixty days after completion of the water system for Tract No. 10,102, applicant shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various 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.

5. Applicant, on or after the effective date of this order and on or before December 31, 1962, may issue and sell not to exceed 1974 shares of its common stock at not less than \$100 per share for the purposes hereinabove stated. Applicant shall file with this Commission a report or reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of the order herein.

6. 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.

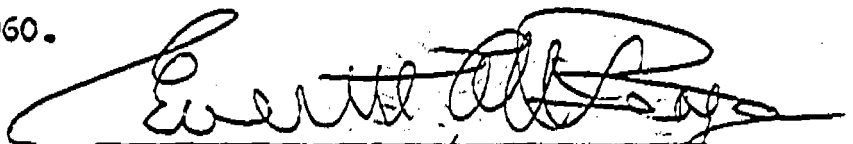
7. Applicant shall determine accruals for depreciation by dividing the original cost of depreciable plant, less estimated net salvage less depreciation reserve, by the estimated remaining life of the plant. On a composite basis, the rate of accrual shall not exceed a rate of 3.0 percent except upon a showing before the Commission that a greater rate is justified. Applicant shall review its accruals whenever 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.

8. Applicant shall file with this Commission a copy of its application for, and of its subsequent receipt or other disposition of, the water supply permit required by the public health authority having jurisdiction over the same, within ten days thereafter.

9. The certificate and authorization hereinabove granted will expire if not exercised prior to January 1, 1962.

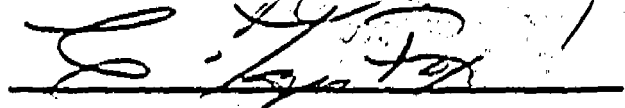
The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 23rd day of August, 1960.



President





Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including the subdivision known as Lake Marie Ranches, and vicinity, located at the intersection of Clark Avenue and Telephone Road approximately $3\frac{1}{2}$ miles east of the community of Orcutt, Santa Barbara County.

RATES

Per Meter
Per Month

Quantity Rates:

First 1,000 cu.ft. or less	\$ 6.00
Next 1,000 cu.ft., per 100 cu.ft.40
Next 1,000 cu.ft., per 100 cu.ft.30
Over 3,000 cu.ft., per 100 cu.ft.20

Minimum Charge:

For $5/8$ x $3/4$ -inch meter	\$ 6.00
For $3/4$ -inch meter	10.00
For 1-inch meter	12.00
For $1\frac{1}{2}$ -inch meter	18.00
For 2-inch meter	24.00
For 3-inch meter	40.00
For 4-inch meter	63.00
For 6-inch meter	122.00
For 8-inch meter	192.00

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

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Schedule No. 9FC

CONSTRUCTION FLAT RATE SERVICE

APPLICABILITY

Applicable to flat rate water service furnished for general construction, building construction, subdivision development and deliveries to tank trucks.

TERRITORY

The unincorporated area including the subdivision known as Lake Marie Ranches, and vicinity, located at the intersection of Clark Avenue and Telephone Road approximately $3\frac{1}{2}$ miles east of the community of Orcutt, Santa Barbara County.

RATES

Site Development or Residence Construction by Individuals:

For each site development or residence construction,
during a six-month period or less \$18.00

Tract Construction:

For compaction and grading, for each 10,000
sq.ft. of site or residential lot 6.00

For street compaction, for each 80 lineal feet
of road or street 3.00

For each residence or permanent building, during
construction period not exceeding six months 12.00

Tank Truck Deliveries, per 1,000 gallons of Tank Capacity .. .20

SPECIAL CONDITIONS

1. A customer desiring to obtain water deliveries under this schedule must first obtain a written permit from the utility.
2. The above charges are payable in advance of water usage.
3. All construction service not covered by the above classifications will be furnished only on a metered basis.

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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated area including the subdivision known as Lake Marie Ranches, and vicinity, located at the intersection of Clark Avenue and Telephone Road approximately $3\frac{1}{2}$ miles east of the community of Orcutt, Santa Barbara County.

RATE

Per Month

For each hydrant \$4.00

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 or under Schedule No. 9FC, Construction Flat Rate 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.