

**ORIGINAL**Decision No. 60782

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 VANDENBERG UTILITIES CO., a California )  
 corporation, for a Certificate of )  
 Public Convenience and Necessity to )  
 Operate a Public Utility Water System )  
 in the Vicinity of Lompoc, California, )  
 to Establish Rates therefor, and for )  
 Leave to Issue Capital Stock. )

Application No. 41673  
 (Amended)

Clement H. Jacomini, for applicant.  
J. C. Shields and R. R. Entwistle,  
 for the Commission staff.

O P I N I O N

Vandenberg Utilities Co., incorporated under California law on March 11, 1959, for the purpose of supplying water for domestic and other uses in Vandenberg Village, a 3,500-acre tract east of and adjacent to Vandenberg Air Force Base near Lompoc, Santa Barbara County, filed this application on November 17, 1959, for a certificate of public convenience and necessity to operate a public utility water system in portions of the tract, to establish rates and to issue capital stock in exchange for cash and certain short-term notes heretofore issued to applicant's directors for advances for construction.

The application was amended following the hearing, held at Lompoc on June 22, 1960, before Examiner John M. Gregory, to conform to a modification in the extent of the area for which a certificate is requested, suggested by the showing made on behalf of applicant.

The evidence shows that the ultimate development plan for the 3,500-acre tract includes single and multiple dwelling units, industrial areas, community centers, shopping centers, churches, schools, parks, hotels, motels and an 18-hole golf course and club house. At present, the initial development is going forward in Unit 1 of Tract 10034. On June 21, 1960, 42 homes in that unit were occupied out of a total of 106 then constructed. Water facilities for the initial project consist of a 14-inch, cased, gravel-packed well drilled to a depth of 786 feet with a tested capacity of 1,500 g.p.m. of water of acceptable quality. The water is pumped to a 500,000 gallon storage reservoir, from which it is then pumped to the distribution system by three booster pumps connected, on a demand basis, so as to provide adequate supplies, in the opinion of company officials, for domestic needs and fire flows in both units of the tract. A second well, with essentially the same characteristics as Well No. 1, will be drilled on a site near Well No. 1 and placed in operation before 200 homes are occupied in Unit No. 1. It is anticipated that a total of approximately 500 houses will be built in Units 1 and 2 of said Tract 10034, which together comprise about 133 acres divided into 532 lots. ✓

Applicant holds a water supply permit from the State Department of Public Health which refers to applicant's plans for 210 services in Unit 1 of Tract 10034, and which also refers to Well No. 2 as a source of supply for the initial unit. The present permit does not appear to extend to developments beyond Unit 1.

The service area requested by applicant at the hearing, as incorporated in the amendment filed subsequently, comprises 858.5 acres. It includes Units 1 and 2 of Tract 10034, the projected main shopping and commercial center adjacent to the northerly boundaries of the two initial units, various park areas and public building

sites and a general plan for residential lots and public streets. Future development of the 858-acre portion, as well as the whole 3,500-acre project, appears to be contingent upon the demand for new homes originating primarily from personnel at the Vandenberg Missile Base and other government facilities in the vicinity, and, of course, the availability of an adequate water supply to meet increasing demands. The present and near future need for water service, however, does not appear to extend beyond Units 1 and 2 of Tract 10034, and possibly the shopping and commercial center immediately north of those units.

The estimated cost of the water system for Units 1 and 2 is \$297,100. Applicant has requested authority to issue 1,200 shares of its capital stock, of the par value of \$500 per share, over a two-year period, in exchange for short-term promissory notes, totaling \$190,000 as of June 1, 1960, payable to Venard E. Kemp, Henry H. Wheeler, Jr. and Herbert A. Albright, applicant's directors, for cash actually received, and for additional sums as needed, up to \$600,000, to provide for completion, operation and maintenance of the water system in the 858-acre area, plus working cash. A sewage system and disposal plant has been installed at the expense of Madison Land Company, one of the developers, and turned over to the above-named directors in accordance with written understandings which are a part of the record in this proceeding.

Applicant has proposed a schedule of rates for general metered service, with a minimum monthly charge of \$3.75 for a 5/8 x 3/4-inch meter which allows up to 800 cubic feet of water. This schedule will be authorized herein, with the exception that a charge of \$20.00 will be substituted for the proposed minimum charge of \$25.00 for a 2-inch meter. This will maintain a more equitable relationship between the minimum charges for various sizes of meters.

Applicant has also proposed a charge of 20 cents per month per customer for fire hydrant service. Since negotiations with the Santa Barbara County Fire Department indicate that fire protection will be furnished by that agency, applicant should arrange to substitute an appropriate rate schedule applicable to the County Fire Department in lieu of the 20 cent charge to customers.

We have considered the application and the evidence of record and find that public convenience and necessity require that a certificate be granted to applicant to construct and operate a public utility water system in Units 1 and 2 of Tract 10034, Santa Barbara County. We do not find any immediate necessity for granting a certificate that would authorize operations beyond those two units. We recognize that if the planned housing and commercial projects expand in the manner and to the extent indicated by the testimony of the developers, additional areas may come within applicant's service territory. The availability of an adequate supply of water and the financial situation confronting the utility at such time or times, however, are questions of vital importance in the successful operation of a project of this kind, planned as it is for a staged development contingent upon factors not presently capable of being evaluated.

A certificate should be issued as hereinabove indicated. The request to issue stock should be granted to the extent represented by the estimated cost of \$297,100 for the water system to provide service for Units 1 and 2.

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, evidence having been received and considered, the matter having been submitted for decision, 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 Vandenberg Utilities Co., a corporation, to construct and operate a public utility system for the sale and distribution of water within Units Nos. 1 and 2, Tract No. 10034, Santa Barbara County, California.
2. Vandenberg Utilities Co. shall not extend service outside the area for which this certificate is granted without authority first having been obtained from this Commission.
3. Prior to rendition of service in Unit No. 2 of said tract, applicant shall (a) apply to the State Department of Public Health for any modification of its water supply permit required by such service, and (b) report to the Commission in writing that application has been made for such modification, said report to outline the nature and scope of such modification.
4. 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.

5. 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.

6. 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 600 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.

7. 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. Applicants 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.

8. Applicant, after the effective date hereof and on or before July 31, 1962, may issue and sell not to exceed 595 shares of its capital stock, of the par value of \$500 per share, for the purposes hereinabove specified, the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue and

sale of said stock 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.

9. 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 27th day of SEPTEMBER, 1960.

*Everett Pittman*  
President

*Robert E. Miller*

*William J. ...*

*T. ... Fox*

*Theodore J. ...*  
Commissioners

## APPENDIX A

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Units Nos. 1 and 2 of the unincorporated area known as Vandenberg Village, Tract No. 10034, located approximately three miles north of the City of Lompoc, Santa Barbara County.

RATES

Per Meter  
Per Month

## Quantity Rates:

First	200 cu.ft. or less .....	\$ 3.75
Next	1,200 cu.ft., per 100 cu.ft. ....	.29
Next	2,000 cu.ft., per 100 cu.ft. ....	.25
Next	16,000 cu.ft., per 100 cu.ft. ....	.20
Over	20,000 cu.ft., per 100 cu.ft. ....	.16

## Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 3.75
For	3/4-inch meter .....	4.50
For	1-inch meter .....	6.00
For	1 1/2-inch meter .....	10.00
For	2-inch meter .....	20.00
For	4-inch meter .....	50.00

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