



Applicant's Present Operations

Vista Del Camino Company is a California corporation now providing domestic public utility water service in Vista Del Camino Subdivision, Units Nos. 1 and 2, in the Marina area of Monterey County, about eight miles north of the City of Monterey and about fifteen miles west of the City of Salinas. Applicant is providing its present service pursuant to the certificate of public convenience and necessity granted by this Commission in Decision No. 57475, dated October 15, 1958, in Application No. 39991.

As of June 27, 1960, applicant was providing metered water service to 153 residences from two wells. Its plant investment, as of that date, was \$63,558.38.

Proposed Service Area Addition

The additional area for which certification is sought herein comprises over 700 acres and is contiguous to applicant's present service area, but it is so situated that it would not be practicable to serve it by extending mains from applicant's existing system. The proposed addition is generally bounded on the south and east by Fort Ord, on the west by State Highway No. 1, and on the north by applicant's presently certificated area. Other than applicant, no public utility water system is operating in or near the area.

Applicant states that it has been approached regarding water service by the developers of seven tracts in which construction has either started or is being planned for the near future. These tracts are located within the eastern half of the proposed service area addition and are known as Marina Knolls, Marina Knolls No. 2, Marina Vista Park, Sun Terrace, Berney and Mitchell, Oak Ridge, and Crescent Construction Company tracts. Applicant estimates that from 150 to 350 homes will be built in these tracts within the next 24 months.

In addition to the aforementioned tracts, the requested area contains several hundred homes and scattered business establishments receiving water from privately owned wells. This existing development is mainly in the western half of the requested area. No residents of the western half appeared at the hearing; and under cross-examination, applicant's principal witness stated that applicant had received no requests for water service from owners of property in the existing development.

#### Stock Issue

Applicant presently has 64½ shares of common stock outstanding and no indebtedness. It requests authority to issue an additional 22 common shares, without par value, but of stated value of \$1,000 per share. Applicant proposes to issue the 22 shares to the developer of Marina Knolls subdivision, Monterey Savings and Loan Association, on a dollar-for-dollar basis in consideration of the amount to be paid by said developer for the construction of the water system to serve that subdivision. Applicant states that the estimated cost advanced by the subdivider for construction of the water system to serve Marina Knolls is \$22,000, expressed to the nearest lesser \$100 of cost.

#### Water Plant Requirements

In addition to the already constructed water system required for serving Marina Knolls subdivision, applicant estimates that further plant construction costing approximately \$120,000 will be required to serve the other six tracts, which are expected to be developed in the near future. Applicant also plans to construct, at a cost of over \$8,000, additional water plant in its present service area to serve Unit No. 3 of Vista Del Camino subdivision.

According to the balance sheet appended to the amendment to the application, applicant had no debt and no subdivider refund contracts outstanding as of December 31, 1959. Applicant appears to have the capability to finance, through further stock issue, the backup facilities required for serving the tracts planned to be constructed in its proposed service area addition.

Applicant states that a total of four wells will be used to supply the proposed service area. However, only one such well is now available for service. To provide for reasonable continuation of an adequate supply of water in the case of failure of the present single well source, the order herein will require, as a condition to certification, that applicant arrange for connection of the system in Marina Knolls tract with another firm potable source of supply, or have available appropriate standby facilities, such as adequate storage, which can be placed in operation promptly as needed.

Applicant possesses a water supply permit for its system in Vista Del Camino subdivision, but the record does not show applicant to have a permit for the system in Marina Knolls tract. The order herein will provide that applicant shall apply for such a permit for the Marina Knolls system from the appropriate health authority.

#### Rates

Applicant proposes to provide water in the service area addition at the rates which are applicable in its present service area. General metered service is provided at the following basic rates:

| <u>Monthly Quantity Rates</u>          | <u>Per Meter<br/>Per Month</u> |
|--|--------------------------------|
| First 400 cu.ft. or less .....         | \$3.20*                        |
| Next 1,600 cu.ft., per 100 cu.ft. .... | .40                            |
| Over 2,000 cu.ft., per 100 cu.ft. .... | .30                            |

\*Rates for general metered service provide for a monthly minimum charge, which depends on meter size, the 5/8 x 3/4-inch meter being \$3.20, with larger sizes having a graduated scale of charges up to and including \$16.00 for a 2-inch meter.

Decision No. 57475, supra, ordered applicant to file a schedule of rates providing for public fire hydrant service. Applicant has failed to do this. The order herein will therefore prescribe such a schedule of rates and direct applicant to file such rates in conformity with General Order No. 96.

Marina County Water District

Appearing as an interested party, Marina County Water District recommends that any certificate granted now to applicant should include only areas in which service is reasonably needed at present.

The Marina County Water District includes within its boundaries applicant's present and proposed service areas. The district is newly formed, having been established by an election held on February 16, 1960. The purpose of the district is to develop plans for, construct and operate water and sewerage systems in the Marina area. At the time of formation, it was the district's intention to include applicant's existing plant in its municipal system.

The district is now in the process of making preliminary engineering studies with regard to the establishment of its proposed water and sewer systems. The district provides no water service at this time.

Findings and Conclusions

The Commission is of the opinion and finds that the public convenience and necessity require that applicant should be issued a certificate to provide water service in that portion of its proposed service area addition containing the seven tracts described above. Applicant, however, has not made sufficient showing to convince the Commission that the public convenience and necessity require it to serve the entire proposed service area addition. The certificate granted herein will, therefore, authorize applicant to serve only that portion of the proposed service area addition lying east of Crescent Avenue and its continuation and lying south of Reservation Road. This amounts to approximately half the increase in service area requested. The exclusion of a portion of the proposed service area addition from the certificate granted herein does not preclude applicant from extending service in the ordinary course of its business, as permitted by Section 1001 of the Public Utilities Code, to whatever portions of the excluded area are contiguous to applicant's water systems.

Applicant's rates for water in its present service area are comparable with the rates of other utilities operating in Monterey County, and we find such rates to be reasonable for service in the additional area to be certificated 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 stock 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. The request of applicant for authorization to issue capital stock will therefore be granted subject to the conditions in the order which follows.

The authority granted herein authorizing the issuance of shares of capital stock shall not be construed to be a finding of value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base.

Applicant is placed on notice that the customer density in the Marina Knolls Subdivision may be given consideration in future rate proceedings, inasmuch as the customers will not have the protection, which is normally provided by the utility's filed main extension rule, from possible speculative and uneconomical aspects of extension of service to that new territory.

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 issuance of such certificate of public convenience and necessity or right.

O R D E R

IT IS HEREBY ORDERED that:

1. Subject to applicant's compliance with paragraph No. 2 of this order, a certificate of public convenience and necessity be, and it hereby is, granted to applicant to acquire, construct, maintain and operate a public utility water system to serve that area in Monterey County described as follows:

Commencing at a point that is the intersection of the south side of Reservation Road and the east side of Crescent Avenue; thence southwesterly along the east side of Crescent Avenue to its end and thence continuing in the same direction along an imaginary prolongation of the said east side of Crescent Avenue to its first intersection with the boundary of Fort Ord Military Reservation; thence southeasterly along said boundary to a right angle therein; thence northeasterly along said boundary to its intersection with the south side of Reservation Road; thence northwesterly along the south side of Reservation Road to the point of commencement.

2. The certificate granted in paragraph No. 1 of this order shall not become effective until applicant, in a manner acceptable to this Commission, provides for the reasonable continuation of an adequate supply of water in case of failure of its present source for serving the area certificated herein. Applicant shall notify the Commission in writing of the manner in which this has been accomplished.

3. Prior to the date service is first furnished to the public under the authority herein granted, applicant shall apply to the appropriate health authority for a water supply permit for the system which will serve the area herein certificated. Within ten days thereafter, applicant shall advise the Commission that such application has been made.

4. Applicant is authorized and directed to file, within thirty days after the effective date of this order, in conformity with General Order No. 96, the tariff schedule for public fire hydrant service set forth in the appendix to this order.

5. Within thirty days after compliance with paragraph No. 2 of this order, applicant is authorized to revise in conformity with General Order No. 96, such of its tariff schedules, including the tariff schedule set forth in the appendix hereto attached and tariff service area maps acceptable to this Commission, as are necessary to provide for the application of its tariff schedules to the area certificated to it herein. Such revised tariff sheets shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

6. 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 of the area certificated herein, drawn to an indicated scale not smaller than 200 feet to the inch, delineating by appropriate markings the tract of land and territory served; the principal water production, storage and distribution



facilities; and the location of the various water system properties of applicant in said area.

7. Applicant shall review its remaining life depreciation accruals as of January 1 of the year following the date service is first rendered to the public under the authorization contained herein and thereafter following other major changes in utility plant composition and at intervals of not more than five years. The results of these reviews shall be submitted to this Commission.

8a. Applicant for the purposes set forth in the amendment to the application, may issue 22 shares of its capital stock, at \$1,000 per share stated value, after the effective date of this order but on or before June 30, 1961.

8b. 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.

9. In all other respects the application is denied.

The authorization herein granted will expire if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 11th day of OCTOBER, 1960.

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President

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Commissioners

-9- Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

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 Vista del Camino, and vicinity, near the community of Marina, Monterey County.

RATE

Per Month

For each hydrant ..... \$2.50

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.
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.