

ORIGINALDecision No. 60874

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VALLECITO WATER COMPANY, a Corporation,
for a Certificate of Public Convenience
and Necessity to extend its plant and
system and for an order authorizing it
to receive advance payment in aid of
construction and to execute refund
agreement.

Application No. 42453
(Amended)

O P I N I O N

Applicant's Request

Vallecito Water Company, a California corporation, by the above-entitled application, filed July 11, 1960 and amended September 12, 1960, requests: (1) a certificate of public convenience and necessity to extend contiguously from its existing water system to serve that portion of Tract No. 24451 not included within its presently certificated area, (2) authorization to exercise in said area the franchise granted applicant by Ordinance No. 6798 of the County of Los Angeles, and (3) authorization to accept from Sun Gold, Inc., \$40,790.40 as an advance for construction of the distribution facilities and booster (pressure) facilities necessary to deliver water to Tract No. 24451, and authority to execute a refund contract with Sun Gold, Inc. for such amount.

Staff Investigation

Field investigations were made in connection with this application in August, 1960 by the Commission's staff. The results of these investigations have been presented in two memoranda by the staff of the Commission's Finance and Accounts Division and of the

Hydraulic Branch of the Utilities Division, which memoranda are hereby received in evidence as Exhibits Nos. 1 and 2, respectively. These investigations have verified the factual data submitted by applicant.

Extension of Service Area

Applicant's present certificated area consists of approximately 3,370 acres lying in the unincorporated territory southwest of La Puente in Los Angeles County. The major portion of this area was certificated by Decision No. 53227, dated June 26, 1956, in Application No. 36343 and, in granting the certificate, said decision restricted applicant from making further extensions outside the area certificated therein without first obtaining the authority of this Commission. Such authority has already been obtained for one extension into a specific area northeast of the original certificated area by Decision No. 54523, dated February 11, 1957, in Application No. 38415.

It is represented by applicant that it has received a request from Sun Gold to supply and install the necessary facilities to furnish water service to Tract No. 24451, a subdivision of 55 lots. Twenty-six of the lots within this tract are entirely within applicant's previously certificated area. However, 29 lots within this tract are located outside of, but contiguous to, such area. In the instant application, applicant requests certification of that portion of Tract No. 24451 now outside of its certificated area so that it will be able to render service to the whole of said tract. The area for which a certificate is herein sought is delineated on the map designated Exhibit "A", attached to the application.

Applicant has proposed to furnish water service within Tract No. 24451 under its existing rates, charges, and rules now on file with the Commission and in effect for its existing service within the area.

County Franchise

Los Angeles County Board of Supervisors, by Ordinance No. 6798 adopted October 25, 1955, granted to applicant a franchise to use the County roads and highways for the installation, construction, and maintenance of its water system facilities. Applicant requests authorization to exercise this franchise within the additional certificated area sought in the subject application.

Booster Facilities Required

A portion of Tract 24451 is above the elevation at which applicant's present system can supply water at a pressure which will comply with the minimum requirements of the Commission's General Order No. 103. To supply water at an adequate operating pressure within this tract, applicant proposes to install a booster station. It is planned only to use the booster station until some later date when applicant may supply additional lands in this vicinity also owned or controlled by Sun Gold. When Sun Gold is ready to develop its additional lands, applicant proposes to provide for wells, boosters, reservoirs, and transmission lines to supply water to these lands. At that time, the booster station now planned to serve Tract No. 24451 will no longer be needed.

Financing and Refunds

Applicant proposes to have Sun Gold finance the distribution facilities and booster station necessary to supply water to Tract No. 24451, and has requested Commission authority to charge

Sun Gold \$21,365.40 for the distribution facilities and \$19,425.00 for the booster station, or a total of \$40,790.40. Applicant's filed main extension rule provides that the cost of pressure facilities required exclusively for the service requested may be included in the amount to be advanced to the utility upon approval by the Commission. Applicant proposes to enter into a main extension contract with Sun Gold in the amount of \$40,790.40 and, for this purpose, has requested Commission authorization to amend its "Percentage of Revenue Method" option standard main extension contract form on file and in effect in applicant's filed tariff schedules (Form 5) to include the cost of such booster station.

The staff estimated that the refunds over a 20-year period will not greatly exceed the advance on the distribution facilities (Exhibit No. 1), and that an amount representing the greatest part of the \$19,425.00 proposed to be advanced for the booster station will be transferred to Account 265, Contributions in Aid of Construction, at the end of the 20-year period.

Applicant's Equity Position

The capital structure of the applicant as of June 30, 1960 as recorded is shown in Exhibit No. 1 to be as follows:

	Recorded 6-30-60	
	\$	%
Note payable	55,000	7
Advance for construction	353,187	42
Equity	429,797	51
Total	837,984	100

Entering into a main extension contract with Sun Gold in the amount of the cost of the facilities necessary to supply water to Tract No. 24451 will not appreciably change applicant's equity position.

Competition

There appear to be no utilities, publicly or privately owned, with which applicant is likely to compete within the area for which a certificate is requested.

Findings and Conclusions

The Commission has considered this matter and is of the opinion and finds that public convenience and necessity will require the services of Vallecito Water Company, and the exercise by it of its County franchise, within the portion of Tract No. 24451 not now within its certificated area, as shown in red cross-hatching in Exhibit "A", attached to the original application; that applicant should be authorized to enter into a main extension agreement with Sun Gold, which includes the cost of the booster facilities required exclusively for service to Tract No. 24451; 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 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 or political subdivision thereof as the consideration for the grant of such franchise, certificate of public convenience and necessity or right.

Applicant made no showing to indicate that the present general restriction against further extension of service outside of the area certificated to it should be removed. The order herein will provide for continuation of that restriction.

On September 23, 1960, the president of Sun Gold advised this Commission by telegram that, pending a decision in the instant application, Sun Gold must obtain water for construction purposes

by means of a rented booster pump, at considerable expense and inconvenience. Under these circumstances, the order to follow will be made effective on the date thereof.

O R D E R

The above-entitled application having been filed, investigation having been made and the matter being ready for decision; therefore,

IT IS HEREBY ORDERED that:

1. A certificate of public convenience and necessity be and it hereby is granted to Vallecito Water Company to construct and operate a public utility water system for the distribution and sale of water within that portion of Tract No. 24451 referred to hereinabove, and as shown in red cross-hatching in Exhibit "A" attached to the application.

2. A certificate of public convenience be and it hereby is granted to Vallecito Water Company to exercise, within the area certificated herein, the rights and privileges granted by Ordinance No. 6798, adopted October 25, 1955 by Los Angeles County.

3. Vallecito Water Company shall not extend service outside of the territory certificated to it without authority first having been obtained from this Commission.

4.a. Applicant is authorized to apply, after the effective date of this order, its presently effective tariff schedules to the area certificated herein.

b. Applicant shall file in quadruplicate with this Commission within thirty days after the effective date of this order and in conformity with General Order No. 96, revised tariff schedules, including tariff service area maps acceptable to this Commission,

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.

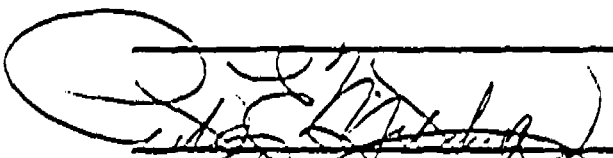
5. Applicant shall file, within thirty days after the system is placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings, Tract No. 24451; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant within Tract No. 24451.


6.a. Applicant is authorized to enter into a main extension contract with Sun Gold, Inc., as hereinbefore discussed, providing for inclusion of the cost of the pressure facilities required exclusively to serve Tract No. 24451.


b. Applicant shall file with this Commission, within thirty days after the effective date of this order, two certified copies of the agreement as executed, together with a statement of the date on which it is deemed to have become effective.

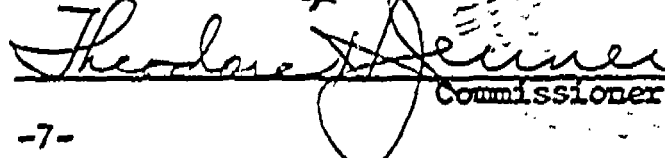
The effective date of this order shall be the date hereof.

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



President






Commissioners