

ORIGINAL

Decision No. 60906

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CONEJO VALLEY WATER COMPANY, a)
California corporation, for a)
Certificate of Public Convenience)
and Necessity authorizing Applicant)
to furnish water service in the)
vicinity of Thousand Oaks, Ventura)
County, California, acquire rights)
and facilities with respect thereto)
and for permission to sell and)
issue its securities.)

Application No. 41667

Raymond C. Sandler, for applicant.
Gibson, Dunn & Crutcher, by Raymond L. Curran,
for Conejo Valley Development Co. and State
Water Co., protestants.
R. R. Entwistle and Donald B. Steger, for the
Commission staff.

O P I N I O N

Conejo Valley Water Company operates a public utility water system in an area near Thousand Oaks, Ventura County, under the authority of certificates of public convenience and necessity issued by this Commission. This application, as filed, seeks (1) a certificate of public convenience and necessity authorizing Conejo Valley to furnish water service in additional territorial areas, and (2) authorization to issue shares of preferred stock.

A duly noticed public hearing was held in this matter before Examiner Donald B. Jarvis at Thousand Oaks on May 24, 1960. The matter was submitted subject to the filing of certain late-filed exhibits. The last one of these exhibits was filed on July 27, 1960, and the matter is now ready for decision.

At the beginning of the hearing counsel for Conejo Valley indicated that the company did not intend to pursue in this proceeding the portion of the application which sought authority to issue preferred stock. Therefore, this point will not be further discussed.

There was encompassed in the area which the application requests authority to serve the office building of another public utility water company which serves nearby areas. At the hearing, Conejo Valley requested that it be permitted to amend its application so as to exclude the portion of the requested service area which included the headquarters of the other water company and permission to do so was granted.

Conejo Valley seeks authority to serve a parcel of land, owned by Ralph Crancer and his wife Virginia Crancer, consisting of approximately 38 acres. This property, hereinafter referred to as the Crancer property, is located across a street which separates it from a portion of Conejo Valley's presently authorized service area.

Conejo Valley also seeks authority to acquire the assets of and to serve the area presently being served by the Starlight Mutual Water Company, an alleged mutual water company. This property, hereinafter called the Starlight area, consists of approximately 120 acres and is located adjacent to a portion of Conejo Valley's presently authorized service area.

Thousand Oaks is located in a critical water area. The report of a consulting geologist employed by Conejo Valley, which was received in evidence, indicated that "...water estimated to be stored beneath this tract [Conejo Valley's present service area], with no replenishment by rainfall, would last about 8½ years. Allowing for a modest recharge, particularly of shallow alluvial aquifers, now mostly dry, a 10-year reserve is a fair estimate." The geologist

concluded his report by stating that "...it is my carefully considered opinion that enough underground water is already stored beneath the 528 acres occupied by Conejo Country Homes to last about 10 years. Supplemental water from Metropolitan Water District should be available before 10 years expire."

An engineer, employed by Conejo Valley, testified that in his opinion the rate of replenishment was actually greater than that indicated in the geologist's report.

An engineer of the Commission's staff testified that it was economically unfeasible to recover even 50 percent of the underground water in the area and that it will take several years of observing existing wells in the area to ascertain, with any accuracy, a definite index of depletion.

An Amended Temporary Domestic Water Permit issued to Conejo Valley by the State Department of Public Health on July 15, 1960 and received in evidence as a late-filed exhibit provides in part that:

"...the mineral quality of this supply exceeds the criteria for a full permit.

.....

"The water company shall provide the State Department of Public Health with quarterly reports, commencing October 1, 1960. These reports shall describe the progress being made towards obtaining a better quality water supply for its consumers, and shall present data on the chemical quality of the supply presently distributed to the consumers. Further, not later than April 1, 1961, a definite plan for solution of the water quality problem shall be presented.

"This temporary permit expires on October 1, 1961."

Evidence was presented at the hearing of an election scheduled for June 7, 1960, in which the voters in the area would have the opportunity to vote for the formation of a governmental district which would be authorized to obtain water from the Metropolitan

Water District, and, in turn, be able to sell some of any such water purchased from Metropolitan to Conejo Valley. One of the late-filed exhibits indicates that the voters failed to approve the formation of the district.

We turn now to the consideration of the authority herein requested by Conejo Valley in the light of the facts heretofore indicated. The Commission, in determining this matter, will apply the statutory policy contained in Sections 2708 and 2710 of the Public Utilities Code which directs that a public utility water company shall not be authorized to furnish water to any new or additional customers where this would injuriously affect the utility's present water users.

The record discloses that there are two residences on the Crancer property which presently receive water from Conejo Valley on an emergency basis, and that the rest of the Crancer property is undeveloped or used for agricultural purposes. A contract between Conejo Valley and the Crancers, which was received in evidence, indicates that future subdivision of the property is contemplated.

The Commission finds, on the present record here under consideration, that it would be injurious to Conejo Valley's present customers if it were authorized to serve the entire 38 acres comprising the Crancer property. The Commission further finds that it would not be injurious to the utility's present customers if Conejo Valley were authorized to serve the two residences on the Crancer property which are presently receiving water from Conejo Valley on an emergency basis. The Commission finds that public convenience and necessity require that Conejo Valley be authorized to serve the two residences on the Crancer property.

As indicated, the Starlight area contains approximately 120 acres. A portion of this area has been subdivided into 27 lots. The remainder of the area is devoted to agricultural purposes or is undeveloped. Prior to the hearing in this matter the Starlight water

system encompassed the 27 lots. There were 17 occupied residences on these lots. The water for the Starlight system was supplied by one well which is located near Conejo Valley's Well No. 8. Prior to the hearing Starlight's well broke suction. Conejo Valley was requested to serve the Starlight water users on an emergency basis. Conejo Valley has furnished and continues on an emergency basis to furnish water to the 17 residences previously mentioned.

The Commission finds, on the present record here under consideration, that it would be injurious to Conejo Valley's present customers if it were authorized to serve the entire 120 acres comprising the Starlight area. The Commission further finds that it would not be injurious to the utility's present customers if Conejo Valley were authorized to serve the 27 lots comprising Starlight's present service area. The Commission finds that public convenience and necessity require that Conejo Valley be authorized to serve said 27 lots.

At the hearing, witnesses testifying in behalf of Conejo Valley indicated that if the company was not authorized to serve the entire area for which authority is herein sought it might not dedicate its facilities to any portion of the area. In view of this testimony and the findings heretofore made, the authority herein granted will be conditioned upon acceptance within a specified period of time.

It is not necessary in this proceeding to pass upon the contracts entered into between Conejo Valley and Starlight and Conejo Valley and the Crancers. No request for authority to issue stock for the purchase of any property is presently before the Commission. No authority from this Commission is needed to purchase additional operating property with operating revenues or surplus capital. However, if Conejo Valley acquires any operating property it should set up such property on its books at the original cost of said

property and provide a depreciation reserve for said property. It should also be noted that Conejo Valley has not been authorized herein to carry out the terms of the contracts nor to do all of the things contemplated by said contracts.

Conejo Valley will be authorized to charge its present tariff rates in the new areas in which it is herein authorized to serve. If the application of these rates results in any increase in rates to any water user, the Commission finds that said increase is justified.

O R D E R

A public hearing having been held, and based upon the evidence therein adduced,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is hereby granted to Conejo Valley Water Company, a corporation, to conduct and operate a public utility water system for the distribution and sale of water in that area located near Thousand Oaks, Ventura County, more particularly described as follows:

- a. Lots 1 through 27 fronting on Arcturus Street, Altair Avenue, Sirius Avenue or Sirius Circle, said 27 lots being more particularly delineated Exhibit "P" attached to the application.
- b. The two residences existing and located on the Crancer property on the west side of Moorpark Road at the date of hearing in this matter.

The certificate of public convenience and necessity herein granted shall automatically lapse without further order of this Commission on the ninetieth day after the effective date of this order unless Conejo Valley Water Company, within said ninety-day period, (1) files a written acceptance of the authority herein granted and (2) actually dedicates facilities to the service herein authorized.

2. If Conejo Valley Water Company accepts the certificate of public convenience and necessity granted in paragraph 1 and dedicates its facilities to said service as therein provided, it shall, within ninety days after the effective date of this order, file with this Commission a plat, map or legal description more particularly describing the two residences on the Crancer property which it is herein authorized to serve.

3. Conejo Valley Water Company is authorized to apply, after the effective date of this order, its presently effective tariff schedules in the areas herein certificated.

4. If the authorization hereinabove granted is exercised, Conejo Valley Water Company is authorized and directed to revise, within ninety days after the effective date of this order and in accordance with the requirements of General Order No. 96, such of its tariff schedules, including a tariff area service map acceptable to this Commission, as are necessary to provide for the application of its tariff schedules to the areas herein certificated. Such tariff sheets shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

5. Conejo Valley shall not extend its water system outside the areas certificated herein and in Decisions Nos. 57727 and 59865 without further order of this Commission.

6. If the authorization herein granted is exercised, Conejo Valley Water Company shall file, within thirty days after the system is placed in operation in the areas herein certificated, four copies of a comprehensive map, drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the tracts of land, separate houses and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of Conejo Valley Water Company herein certificated.

7. Conejo Valley Water Company shall determine the accruals for depreciation by dividing the original cost of utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant. Conejo Valley Water Company shall review the accruals as of January 1 of the year following the date service is first rendered to the public within the areas certificated herein and thereafter when major changes in utility plant occur and at intervals of not more than five years.

8. The request of Conejo Valley Water Company to issue shares of preferred stock is dismissed without prejudice.

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

Dated at San Francisco, California, this 18th day of October, 1960.

Garrett W. Peay
 President

W. L. ...

W. L. ...

E. L. ...

Theodore ...
 Commissioners