

ORIGINALDecision No. 60982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 ROSA WATER COMPANY, a corporation,
 for a certificate of public conven-
 ience and necessity authorizing
 applicant to furnish water service to
 Tracts 1212, 1214 and others in the
 vicinity of Simi, Ventura County,
 California.

Application No. 42500

Gibson, Dunn & Crutcher, attorneys, by Max Eddy Utt,
 and Raymond L. Curran, for applicant.
 Durley, Todd, Cearnal & Marshall, attorneys, by
John B. Marshall, for Tapo Mutual Water Company;
Frank W. Leonard for Getty Oil Company; Henry
Joseph Haas, for Tapo Mutual Water Company;
Joseph Schreiber, in propria persona and for
 Tapo Mutual Water Company; protestants as to
 Tract No. 1198.
 Richards, Watson, Smith & Hemmerling, attorneys, by
Frederick L. Simmons, for Happy Homes Construction
 Company; Harry L. Davis and Robert J. Callahan,
 in propria personae; Durley, Todd, Cearnal &
 Marshall, attorneys, by John B. Marshall, for
 Kadota Mutual Water Company; Vernon I. Keene, in
 propria persona; and Mrs. Harry C. Parker, in
 propria persona; and for six families, interested
 parties as to Tract No. 1198; interested parties.
D. B. Steger and A. L. Gielegem, for the Commission
 staff.

INTERIM OPINION

Rosa Water Company, by the above-entitled application,
 filed July 25, 1960, seeks a certificate of public convenience
 and necessity to extend, construct, and operate its public utility
 water system in Tracts Nos. 1235, 1268, 1212, 1214, 1233, and 1198,

and in the NW $\frac{1}{2}$ of Section 7, T2N, R17W, SBB&M in unincorporated territory of Ventura County in Simi Valley in the vicinity of the community of Santa Susanna. The location of the areas sought to be certificated is shown on the map Exhibit B.

A public hearing was held before Examiner Stewart C. Warner on September 27, 1960, at Ventura. Several parties appeared to protest the granting of the application with respect to Tract No. 1198; a motion for continuance of the hearing with respect to said Tract was made by counsel for Tapo Mutual Water Company and, there being no objection, the said motion was granted, and that portion of the application covering Tract No. 1198 was continued to November 22, 1960, at Ventura. The balance of the application was submitted subject to the filing on or before October 4, 1960, of Exhibit No. 5. Said Exhibit has been received and the matter is now ready for decision as to all portions except Tract No. 1198.

General Information

Applicant is a California corporation and was organized in July, 1958. By Decision No. 59030, dated September 22, 1959, in Application No. 40685, the applicant was granted a certificate of public convenience and necessity to operate a public utility water system in Tract No. 1040, consisting of approximately 34 acres, where 150 homes have been completed. By Decision No. 60439, dated July 26, 1960, in Applications Nos. 41870 and 41917, the applicant was authorized to extend its water system into Tract No. 1099 immediately contiguous to Tract No. 1040

on the north thereof, where water service is being furnished to 126 customers, and to operate a water system in Tract No. 1134 and to furnish water service to the Knolls School at the west end of Santa Susanna Pass approximately two miles east of the community of Santa Susanna.

Tract No. 1235 consists of 28.7 acres divided into 108 residential lots on each of which homes have been constructed or are in the process of being constructed; said Tract adjoins Tracts Nos. 1040 and 1099 on the west thereof. The estimated cost of water system facilities installed in Tract No. 1235 is \$26,534; of this amount \$22,754 will be advanced to the applicant by the subdivider subject to a main extension refund agreement therewith.

Tract No. 1268 consists of 28 acres of which 12 acres will be occupied by a school of the Simi Valley Unified School District. Said Tract adjoins Tracts Nos. 1040 and 1099 on the west thereof, and the estimated cost of water system facilities to serve this tract is \$10,608 to be advanced by the subdivider under a main extension refund agreement and \$2,170 for meters and meter boxes to be borne by the applicant. Final plans of the subdivision in this tract have been submitted to the Ventura County Planning Commission for approval.

Tract No. 1212 consists of 78 acres divided into 275 lots. The first unit of said Tract is known as Tract No. 1212-1, consisting of 26 acres divided into 89 residential lots on each of which houses are under construction. The balance of the Tract is

to be known as Tracts Nos. 1212-2 and 1212-3, containing 83 and 103 lots, respectively. The estimated cost of the water system installation in Tract No. 1212-1 is \$24,960; for Tracts Nos. 1212-2 and 1212-3, \$45,570 for lines, services, and hydrants, and \$6,510 for meters and meter boxes. The applicant will execute a main extension refund agreement with the subdivider covering the actual cost of these facilities less the actual cost of meters and meter boxes. The location of Tract No. 1212 with relation to the other agencies furnishing water service in the area is shown on the map 1-A in Exhibit No. 4 of the Commission staff engineering report on the application submitted at the hearing.

Tracts Nos. 1214 and 1233 have been developed by Investors Enterprises, Inc., and are wholly owned thereby. Exhibit D is a copy of an agreement dated June 27, 1960, between Investors Enterprises, Inc. and the applicant, providing for the acquisition by the applicant of the well, well site, distribution facilities, and other water system equipment serving Tracts Nos. 1214 and 1233 for \$4,000 cash, together with an agreement to refund an amount not to exceed \$47,000 under applicant's main extension Rule 15 covering the acquisition by the applicant of Investors' water production, storage, and distribution system to be installed in Tracts Nos. 1214 and 1233 including pumps, tanks, tank sites, booster tanks, water rights, easements, and all other water system equipment. These Tracts consist of 38 acres divided into 120 lots. The construction of homes on each is nearing completion and some homes are occupied.

In Tracts Nos. 1214 and 1233 the applicant will acquire a well and a 126,000-gallon storage tank. Water from the well does not meet the standards of the California Department of Public Health as to quality and the applicant plans to blend this well water with water received from applicant's Tapo Canyon well in the proportions shown on Exhibit No. 1.

The NW $\frac{1}{4}$ of Section 7 contains 160 acres of which 100 acres will be subdivided as Tracts Nos. 1206 and 1207. Two additional unnumbered tracts of 20 acres each are included within the area and are zoned for commercial planned development use and for industrial use. A portion of Tract No. 1206, known as Tract No. 1206-1 consisting of approximately 26 acres, has been divided into 80 residential lots. The estimated cost of the water system facilities to serve this portion is \$20,949. The estimated cost of water system facilities to serve the balance of the Tract No. 1206 and all of Tract No. 1207 is \$46,104 for lines, services and hydrants, and \$7,910 for meters and meter boxes. The remaining portion of the NW $\frac{1}{4}$ of Section 7, consisting of 20 acres, is occupied largely by railroad yards and by public roads. The applicant has received a request from the Southern Pacific Railroad for water service to its Santa Susanna station located in the area.

Sources of water supply

Applicant's sources of water supply consist of its Rosa Wells Nos. 1 and 2 with an installed pumping plant production capacity of 100 gallons per minute; the Investors' well proposed to be acquired, with installed pumping plant production capacity of

100 gallons per minute; and its Tapo Canyon well with an installed pumping plant production capacity of 800 gallons per minute. The present storage capacity consists of three steel reservoirs, two of which are located in Tract No. 1040 with a combined capacity of 336,000 gallons, and the Investors' reservoir, proposed to be acquired, heretofore mentioned, with a capacity of 126,000 gallons located in Tract No. 1214. The record shows that the applicant's wells will provide a supply of 1,000 gallons per minute; that 1,900 gallons per minute can be supplied from reservoir storage; that a peak demand of four hours on a maximum use day will require approximately 460,000 gallons for the estimated 1,500 residential customers within the total service area of 420 acres, including Tract No. 1198 hereinafter discussed.

A staff engineer testified that additional storage of at least 150,000 gallons will be required when the applicant serves 1,000 or more customers from its integrated system, and recommended that the applicant submit plans for the location, construction, and operation of such additional storage capacity. The staff engineer also recommended that the applicant submit a detailed plan for the operation of its physical utility plant so that continuous quality control for the finished water can be maintained, and further recommended that the applicant submit an application to the Department of Public Health of the State of California for a water supply permit covering the integrated system operation.

Exhibit No. 1 shows that the applicant estimates its number of customers at December 1, 1960, excluding Tract No. 1198, to be 691.

Late-filed Exhibit No. 5 is a copy of Rosa Water Company's application, dated September 21, 1960, to the State Department of

Public Health for a water supply permit covering the new sources of supply and integration of same with storage and distribution facilities and covering the blending of well waters so that the blended waters will not exceed the standards of that Department for permanent water supply permit.

From a review of the record it appears that the sources of water supply available to the applicant are adequate to meet customer demands in the foreseeable future, if a continuous and effective quality control for finished water is established and maintained.

Financial Responsibility

Exhibit No. 2 is applicant's balance sheet dated July 31, 1960, and an operating statement for the period ending July 31, 1960. Said Exhibit shows that the applicant has sustained operating losses for its short period of existence. The record shows that the applicant's stockholders will continue to finance the applicant through its developmental periods.

Exhibit No. 3 is a pro forma balance sheet of the applicant as of December 1, 1960, which projects the applicant's financial condition after the installation of water systems covered by the instant application. The record shows that applicant's equity position will be about 60 percent when advances for construction by subdividers have been considered.

Findings and Conclusions

The Commission finds as a fact and concludes that public convenience and necessity require that the application as to all portions, except that portion covering Tract No. 1198, be granted, and the order hereinafter will so provide. A separate decision with respect to Tract No. 1198 will be made subsequent to the submission to the Commission thereof of that portion of the application.

The certificate of public convenience and necessity hereinafter granted shall be 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.

The order hereinafter will authorize the applicant to apply its presently filed tariffs to the areas certificated hereinafter. We find and conclude that such rates will be reasonable for the purposes of this decision.

The agreement, Exhibit D, between Investors Enterprises, Inc., and the applicant, heretofore referred to, appears to be reasonable and will be approved by the order which follows.

In order that the applicant shall not extend its water system beyond its capacities the order which follows will provide that the applicant shall not extend its water service outside the boundaries of its certificated areas without further order of the Commission.

The order herein also will require applicant to submit plans for the installation of additional storage capacity and a plan for quality control of finished water, as recommended by the staff engineer.

INTERIM ORDER

Application as above entitled having been filed, a public hearing having been held, the matter, with respect to all portions except that portion covering Tract No. 1198, having been submitted and now being ready for decision, the portion

covering said Tract No. 1198 having been continued to a date certain, therefore,

IT IS HEREBY ORDERED, as follows:

1. a. That Rosa Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to extend, construct, and operate its water system in Tracts Nos. 1235, 1268, 1212, 1214, and 1233, and in the NW $\frac{1}{2}$ of Section 7, T2N, R17W, SBB&M, in unincorporated territory of Ventura County in the areas shown on the map Exhibit B.
- b. That the applicant shall not extend its water system outside the boundaries of its certificated areas without further order of the Commission.
2. a. That the applicant be and it is authorized to apply its presently filed tariffs to the areas certificated herein.
- b. That applicant is authorized and directed to revise, within thirty days after the effective date of this order and in conformity with General Order No. 96, such of its tariff schedules, including a tariff service area map acceptable to this Commission, as are necessary to provide for the application of its tariff schedules to the area certificated herein. Such tariff sheets shall become effective upon five days' notice to the public and this Commission after filing as hereinabove provided.
3. That the agreement, Exhibit D, between Investors Enterprises, Inc. and the applicant, dated July 27, 1960, be and it is approved.
4. That applicant shall file, within thirty days after the effective date hereof, four copies of a comprehensive map drawn to an indicated scale not smaller than 300 feet to the inch, delineating by appropriate markings, the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various properties of the applicant in the areas certificated herein.

- 5. a. That applicant shall, within ninety days after the effective date hereof, submit to the Commission, in writing, plans, satisfactory to the Commission, for the location, construction, and operation of at least 150,000 gallons of additional reservoir storage capacity, which plans shall provide for completion of such installation prior to the date on which applicant's integrated system is expected to be serving a total of 1,000 customers.
- b. That applicant shall not serve more than 1,000 customers from its integrated system until it has completed and placed in operation the additional storage capacity hereinabove discussed and shall have notified the Commission, in writing, of such completion and placing in operation, within ten days thereafter.
- c. That applicant shall, within ninety days after the effective date hereof, submit to the Commission, in writing, a detailed plan, satisfactory to the Commission, for the operation of its physical utility plant so that continuous quality control for the finished water can be maintained.

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

Dated at Los Angeles, California, this 1st day of November, 1960.

Guenther H. Page
President

John L. Kuntz

W. H. ...

S. ...

Theodore ...
Commissioners