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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Camino Water Company for authority to operate a water system, authority to issue stock, to execute promissory notes and for the establishment of rates to consumers in the area of Camarillo, Ventura County, State of California.

Application No. 42685

Amended

Robert B. Maxwell and Mark Scholtz, for the applicant.
Robert J. North, for Ventura County Water Works District No. 5; William J. McAllister, for Camarillo Sanitary District; Hugh J. O'Connell and Charles D. Cooley, for Camarillo Chamber of Commerce; Robert V. Dawe, for residents of Edgemont Estates and Las Posas Square; and David W. Reed, in propria persona; protestants.
Chester O. Newman and R. R. Entwistle, for the Commission staff.

O P I N I O N

Camino Water Company, a corporation, by the above-entitled application, filed September 20, 1960, as amended October 21, 1960, and as further verbally amended at the hearing and filed March 6, 1961, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in the vicinity of the unincorporated community of Camarillo, Ventura County, in the areas delineated on the map Exhibit C-1 attached to the application, and more

particularly delineated on the map, Exhibit No. 2, filed at the hearing. Establishment of rates for water service, and authority to issue stock and promissory notes are also sought.

Public hearings were held before Examiner Stewart C. Warner on February 15, 1961, at Ventura, and February 24, 1961, at Oxnard. Ventura County Water Works District No. 5, Camarillo Sanitary District, Camarillo Chamber of Commerce, and residents and prospective residents of Edgemont Estates and Las Posas Square, protested the granting of the application. The matter was submitted subject to the receipt of late-filed Exhibit No. 15-A and the second amendment to the application on or before March 3, 1961. The matter is now ready for decision.

General Information

The applicant was incorporated June 24, 1960, and its original directors were Mark Scholtz of Ventura, David P. Rhame of Beverly Hills, and Ralph Brown, Ben E. Nordman, and Robert B. Maxwell of Oxnard. Messrs. Scholtz and Rhame are members of Las Posas Land Corp., and Las Posas Development Co., which together with Anacapa Development Co., Camino Ranchos, a joint venture, and Mayre Livingston, are subdividing and developing the areas sought to be certificated.

The address of the applicant is One West Ventura Boulevard, Suite 21, Thousand Oaks, California, which is the address of California Utilities Services, Inc., of which Ralph Brown, applicant's vice president, is president and is engaged in the position of supervisor and general manager of other

public utilities in the area, to wit, Conejo Valley Water Company (1087 customers), State Water Company (680 customers), Rio Plaza Water Company (512 customers), Royal Water Company (70 customers), and Lesser Water Company (150 customers). California Utilities Services, Inc., furnishes operation and management services under contract, for flat sum per customer, and minimum plus per-customer charge bases, and proposes to furnish such service to the applicant on one of these bases.

Description of the Proposed Areas
and Water System

The proposed service areas are located approximately one mile northwest of the unincorporated community of Camarillo in Ventura County, and comprise 316 acres which have been partially developed as two separated subdivisions, viz., Tract No. 1184, Edgemont Estates, and Tract No. 1142, Las Posas Square. The said two tracts have been subdivided into a total of 131 lots on which residences have been constructed, and as of February 14, 1961, water service was being furnished by the applicant to approximately 24 consumers in said residences. New consumers were being added daily as property owners moved into their houses. Ultimate development of the total area is expected to result in a total of 1,100 dwellings and a shopping center or dwelling equivalents.

The applicant's proposed service areas lie entirely within Calleguas Municipal Water District of the Metropolitan Water District and, through Calleguas, the applicant may in the

future be able to obtain a supply of Metropolitan Water District water, if such supply is required to supplement the applicant's ground water sources of supply.

Ventura County Water Works District No. 5 furnishes water service to approximately 1,200 consumers in and about the unincorporated community of Camarillo. The northern service area boundary of said District is 1/8th of a mile south of the applicant's proposed service areas. Pleasant Valley Mutual Water Company furnishes water service in an area north and contiguous to the applicant's proposed service areas. Crestview Mutual Water Company furnishes water service northwest of the applicant's proposed service areas and west of Las Posas Road. By its Application No. 42911, filed November 29, 1960, and as amended April 23, 1961, Village Water Company, a corporation, seeks authority to acquire, among other mutual water companies, Rockwood Mutual Water Company, which said latter company furnishes water service in an area within one mile west of the applicant's proposed areas. The relative locations of the water systems in the vicinity of the applicant's proposed service areas are shown on the map, Exhibit No. 20.

The applicant has purchased the water system facilities of Camino Mutual Water Company, which was authorized by a Permit dated November 15, 1960, issued by the Division of Corporations, to sell 131 shares of stock in the Mutual to the developers of the applicant's proposed service areas for the initial development of 131 homes. The remaining 969 shares of stock in the Mutual

were to remain in escrow pending the development of the land to which those shares pertained. No Mutual stock had been transferred to individual residence property owners as of the dates of the hearings hereon.

Applicant's sources of water supply are its Wells A and B.

Well A is not in use, but its presently installed pumping-plant capacity is 880 gallons per minute, which, when connected, would discharge into a one million gallon, open-type, earth dyke reservoir, having a flexible moulded, asphalt lining, in the northwest corner of the proposed service area. The water from Well A contains a total solid residue of 1,005 ppm, which could be blended in the storage reservoir with water from Well B. The water from Well A also contains some hydrogen sulphide, the elimination of which, as required by the State Department of Public Health, would require the installation of treatment facilities such as an aeration and flocculation tank, and a future clarification tank. Applicant is hereby placed on notice that Well A is not to be used as a source until suitable treatment facilities are provided which meet all permanent drinking water standards of the State Department of Public Health.

The presently installed pumping plant capacity of Well B is 300 gallons per minute. Water is discharged from the well directly into the distribution system with the excess water spilling over into the reservoir. Transmission and distribution pipe lines consist of 4-, 6-, 8- and 10-inch Class 150 asbestos cement pipe, and their installation meets the requirements of General Order No. 103.

Exhibit No. 15-A is a report by a Commission staff engineer which shows that the capacity of Well B is sufficient to

supply water to 200 customers, but that development of a second well for standby purposes would be required before the applicant could safely extend its water service beyond the initial development of the 131 lots in Tracts Nos. 1184 and 1142. This engineer recommended that the applicant develop, place in operation, and connect to the system a standby potable water source (other than storage). He further recommended that the applicant should install and place in operation water treatment facilities in Well A, and should connect Well A to the system if a certificate were to be granted for the entire area requested.

Proposed Financing

According to page 2 of Exhibit "C", attached to the second amendment, the selling price of the water system properties of the Camino Mutual Water Company to the applicant is \$150,761.06. This includes, among other things, intangible plant and organization costs of the Mutual of \$8,197.31. The applicant has already assumed liabilities of the Mutual in the form of water main extension agreements, executed by the Mutual with subdividers, amounting to \$46,075.67. Cash of the Mutual amounting to \$1,573.07 has also been acquired, leaving a net balance due on the selling price of \$106,258.46.

The applicant seeks authority to issue 1,680 shares of common stock in the aggregate amount of \$84,000, and promissory notes in the form attached to the second amendment in the aggregate amount of \$56,000, totaling \$140,000 of stock and notes, for the following purposes:

1. Balance of purchase price of certain assets of Camino Mutual Water Company	\$106,258.46
2. Corporate formation and legal expense	2,500.00
3. Franchise acquisition and legal expense	500.00
4. Working capital	4,000.00
5. Water meters	5,000.00
6. Design and installation of treatment facilities for Well A	15,000.00
7. Installation of fourth booster pump	<u>6,741.54</u>
Total	\$140,000.00

Exhibit No. 14 is a letter of understanding, dated February 1, 1961, between the applicant and the five land owners, land developers and subdividers of the proposed areas agreeing, as investors, to furnish the applicant sufficient additional capital as may be necessary during the first year of operation as a public utility upon a pro rata basis for the amount theretofore invested.

Rates

The applicant's proposed flat rate is \$5 per connection per month. Its proposed general metered service rates are as follows:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 1,000 cu. ft., or less	\$4.00
Next 1,000 cu. ft. per 100 cu. ft.25
Next 2,000 cu. ft. per 100 cu. ft.20
Over 5,000 cu. ft. per 100 cu. ft.15

The general metered service rates of neighboring public utility water companies are set forth in Exhibit No. 15, a Commission staff engineering report on the application. Such rates for an average monthly usage of 2,000 cubic feet are shown as follows:

<u>Company Name</u>	<u>Charge</u>
Camino Water Company	\$ 6.50
Conejo Valley Water Company	7.50
State Water Company	7.00
Lesser Water Company	7.75

Protests of Ventura County
Water Works District No. 5 and Others

Ventura County Water Works District No. 5 and others protested the granting of the application on their allegations that said District was ready, willing, and able to serve the area; that it was expanding rapidly and annexing new areas frequently; that it had met with the land owners and proposed subdividers of the applicant's proposed service areas to discuss the cost of furnishing water service to the applicant's proposed areas; that although such areas were not within the District's boundaries and the subdividers and land owners had not sought annexation, the District believed it would be more in the public interest for the District to serve a larger area, including the applicant's proposed service areas, than for a new public utility water company to be certificated to serve its proposed service areas.

The record shows that a majority vote of the property owners of the applicant's proposed service areas would be required, plus a majority of the vote of the property owners within the present boundaries of the District, to annex the applicant's proposed service areas to the District; that such election might take two or three months, and that following such election, if the proposed service areas were annexed, the District would be required to vote and sell bonds to acquire the applicant's water system by negotiation or condemnation, which said latter processes might take nine months more.

The District's protests were also based on the fact that its present rates for water service are lower than those proposed by the applicant.

Findings and Conclusions

Based on the record before us, the following findings of fact and conclusions are made:

1. That the record does not support the position of Ventura County Water Works District No. 5 that it is ready, willing and able to serve the areas proposed herein to be served by the applicant.

2. That public convenience and necessity require that the application of Camino Water Company for a certificate of public convenience and necessity to construct and operate a public utility water system in the vicinity of the unincorporated community of Camarillo, Ventura County, to serve Tract No. 1184 and Tract No. 1142 in the areas hereinbefore described should be granted.

3. That the public interest requires that the applicant be authorized to file its proposed schedules of public fire hydrant rates and general metered service rates including the proposed rate for construction, and irrigation water, Exhibit "B" of the second amendment, except that said latter proposed rate should be modified by the deletion of the last paragraph thereof which proposes a charge for such water at twice the power cost and reduction of the quantity rate to make it consistent with the rate for large quantities of water under the schedule for General Metered Service, and further, that the general metered service rates should be modified to correct the omission of a rate for consumption between 4,000 and 5,000 cubic feet per meter per month, and further, that the minimum charges for meters larger than 1½ inches should be reduced.

4. That the applicant, in the near future, will not be in a position to pay interest on the notes and refunds on advances; that the applicant's proposals to finance its acquisition of Camino Mutual Water Company and those certain items Nos. 2 through 7 heretofore set forth by the issuance of common stock (\$84,000); by the issuance of notes (\$56,000); by the assumption of water main extension agreements (\$46,075.67) executed between the Mutual and subdividers; and by the payment of cash to the Mutual (\$1,573.07) - totaling \$137,648.74 - are not in the public interest, at least in part, and that public convenience and necessity requires that such proposals be approved in part, and denied in part. It is considered neither proper nor in the public interest in this instance to finance, even in part, the acquisition of water system facilities by a new corporation seeking a certificate

of public convenience and necessity through the assumption by the applicant, or application by it, of standard main extension rules effective for water utilities.

5. That the public interest requires that the applicant be authorized to issue 1,680 shares of common stock of an aggregate par value of \$84,000; that the applicant be directed to credit to its capital surplus account the difference between such aggregate par value and the total cost of the properties and cash acquired, amounting to \$187,648.74, as heretofore noted, except that such latter total amount should be reduced to eliminate the intangible plant and organization costs of Camino Mutual Water Company amounting to \$8,197.31, as developed from financial data in Exhibit C of the second amendment to the application; and that such net difference, therefore, is \$95,451.43. ✓

6. That the public interest requires that the applicant's proposal to issue promissory notes be denied; and that the applicant not be permitted to assume the long-term debt represented by the refund agreements hereinbefore referred to.

The Commission staff recommendations pertaining to the filing of tariffs, water system maps and depreciation reserve and accrual determinations, set forth in Exhibit No. 15, are reasonable and the order which follows will provide that the applicant carry out such recommendations.

The certificate of public convenience and necessity granted herein 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.

O R D E R

Application as above entitled having been filed and having been amended, public hearings having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That Camino Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to acquire, construct and operate a public utility water system to serve Tract No. 1184 and Tract No. 1142, as delineated on the map Exhibit A-3, attached to the application, in the vicinity of the unincorporated community of Camarillo, Ventura County, subject to the following condition:

That the applicant shall not extend its water system nor furnish water outside the boundaries of Tracts Nos. 1184 and 1142 without further order of the Commission.

2. That applicant be and it is authorized to file with this Commission within thirty days after the effective date of this order, the schedules of rates set forth in Appendix A attached to this order, together with rules and tariff service area map acceptable to this Commission and in accordance with the requirements of the Commission's 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.

3. That applicant shall file with the Commission within forty days after the effective date of this order four copies of a comprehensive map drawn to an indicated scale not smaller than 400 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 water system properties of applicant.

4. That applicant shall procure and dedicate to water utility purposes the lots or areas on which the wells and reservoirs are, or are to be, located and easements or permits where the pipe-line mains are, or are to be, located in lots, other than in public streets, and shall file, within sixty days after the effective date of this order, one copy of each appropriate document showing such procurement, dedication, easement or permit. ✓

5. That 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. Applicant shall review the accruals as of January 1, 1961 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 the Commission.

6. That applicant shall immediately notify this Commission in writing if it at any time elects to pay its Federal income taxes on the basis of utilizing the liberalized depreciation provisions of Section 167 of the Federal Internal Revenue Code of 1954.

7.a. That applicant be and it is authorized to issue 1,680 shares of common stock of an aggregate par value of \$84,000, the Commission being of the opinion that the money, property or labor to be procured or paid for by the issuance of such stock is reasonably required for the purposes outlined in the opinion herein, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

b. That applicant be and it is directed to credit to its capital surplus account the difference between the aggregate par value of stock authorized herein

to be issued and the total cost of the properties and cash acquired, amounting to \$187,648.74, except that such total amount shall be reduced to eliminate the intangible plant and organization costs of Camino Mutual Water Company, amounting to \$8,197.31, as developed from financial data in Exhibit C of the second amendment to the application; and that such net difference to be so credited to capital surplus shall be in the amount of \$95,451.43. ✓

c. That applicant's proposal to issue promissory notes be and it is denied; and that applicant not be permitted to, and shall not, assume the long-term debt represented by any refund agreements executed by Camino Mutual Water Company.

8. That in all other respects, except as herein specifically granted, the application and the application as amended be and they are denied.

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

Dated at San Francisco, California, this 27th day of June, 1961.

[Signature]
President

[Signature]

[Signature]

George B. Grover

[Signature]
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated areas known as Tracts Nos. 1184 and 1142, and vicinity, located approximately one mile northwest of the unincorporated community of Camarillo, Ventura County.

RATES

Per Meter
Per Month

Quantity Rates:

First 1,000 cu.ft. or less	\$ 4.00
Next 1,000 cu.ft., per 100 cu.ft.25
Next 2,000 cu.ft., per 100 cu.ft.20
Over 4,000 cu.ft., per 100 cu.ft.15

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 4.00
For 3/4-inch meter	5.00
For 1-inch meter	7.50
For 1 1/4-inch meter	9.00
For 1 1/2-inch meter	15.00
For 2-inch meter	20.00
For 3-inch meter	35.00
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.

Schedule No. 3MZ

SURPLUS METERED IRRIGATION SERVICE

APPLICABILITY

Applicable to all surplus metered irrigation water service.

TERRITORY

The unincorporated areas known as Tracts Nos. 1184 and 1142, and vicinity, located approximately one mile northwest of the unincorporated community of Camarillo, Ventura County.

RATE

Quantity Rate:

For all water delivered, per 100 cu.ft. \$0.15 ✓

Minimum Charge:

For 2,000 cu.ft. or less, per day \$5.00

SPECIAL CONDITIONS

1. Irrigation water service under this schedule will be furnished only when surplus water is available, over the requirements for domestic service and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.

2. Applicants for surplus metered irrigation service will be required to apply for the service at least 48 hours in advance of the time delivery of water is requested, and to pay the costs and charges as provided by Rule No. 13, Temporary Service.

APPENDIX A
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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICEAPPLICABILITY

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 areas known as Tracts Nos. 1184 and 1142, and vicinity, located approximately one mile northwest of the unincorporated community of Camarillo, Ventura County.

RATESPer Hydrant Per Month

: Type of Hydrant	: Size of Main Supplying Hydrant :		
	: 4"	: 6"	: 8" or larger :
3-inch or smaller riser	\$1.50	\$1.50	-
4 x 2½-inch single outlet	1.50	2.00	\$2.50
4 x 2½-inch double outlet	2.50	3.00	4.00
6 x 2½-inch double outlet	-	5.00	5.00

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.

Schedule No. 9CMZ

SURPLUS METERED CONSTRUCTION SERVICE

APPLICABILITY

Applicable to all surplus metered construction water service.

TERRITORY

The unincorporated areas known as Tracts Nos. 1184 and 1142, and vicinity, located approximately one mile northwest of the unincorporated community of Camarillo, Ventura County.

RATE

Quantity Rate:

For all water delivered, per 100 cu.ft. \$0.15

Minimum Charge:

For 2,000 cu.ft. or less, per day \$5.00

SPECIAL CONDITIONS

1. Construction water service under this schedule will be furnished only when surplus water is available, over the requirements for domestic service and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.

2. Applicants for surplus metered construction service will be required to apply for the service at least 48 hours in advance of the time delivery of water is requested, and to pay the costs and charges as provided by Rule No. 13, Temporary Service.