

**ORIGINAL**Decision No. 62546

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 EDNA ROAD WATER COMPANY, INC., a  
 California corporation, for a Certi-  
 ficate of Public Convenience and Neces-  
 sity, to establish rates for the area  
 to be served and for a permit to issue  
 additional capital stock of said appli-  
 cant corporation.

Application No. 43519  
 (Filed June 20, 1961)

Robert L. Trapp, for applicant;  
Richard M. Hunt, for Obispo Homes,  
 interested party;  
W. B. Stradley and Sidney J. Webb,  
 for the Commission staff.

O P I N I O N

This application, heard before Examiner F. Everett Emerson on July 26, 1961, at San Luis Obispo, seeks (1) the issuance of a certificate of public convenience and necessity to operate a public utility water system in Tract No. 211 in San Luis Obispo County, an area outside of applicant's presently certificated service area; and (2) authority to issue \$76,350 of capital stock as the method of financing the water system to be constructed in said tract.

The land concerning which a certificate is sought is owned by Obispo Homes, a joint venture, and comprises approximately 131 acres which have been subdivided into 99 lots on which homes are to be erected. Obispo Homes also owns about 230 acres adjacent to Tract No. 211 and plans future subdivision development of such area. Obispo Homes desires to have the applicant herein provide public utility water service to Tract No. 211 at once and to the additional area when subdivided.

Obispo Homes proposes to install a complete water system in Tract No. 211 and transfer the same, free and clear of all indebtedness, to applicant in exchange for applicant's stock in an amount equal to the actual cost of the system to be installed. The system to be installed will meet the requirements of this Commission's General Order No. 103 in all respects and will have an adequate alternate source of supply. The wells to be used as the source of supply have been tested and found to be satisfactory for domestic use. In view of the evidence, the Commission finds that public convenience and necessity require or will require that applicant herein provide public utility water service in said tract and that applicant's request for a certificate should be granted.

Applicant presently provides public utility water service in a tract of 94 homesites approximately one-half mile from Tract No. 211, the intervening land being occupied by a Country Club and golf course which has its own water supply.

Applicant's articles of incorporation authorize a capitalization of \$500,000 represented by 50,000 shares of a par value of \$10 per share. To the date of hearing, applicant had issued none of its stock. Applicant desires to issue \$76,350 of its stock to cover costs of the new system, distributed as follows:

Intangible plant	\$1,250
Land	2,500
Wells	4,300
Pumping equipment	11,750
Water treatment equipment	450
Reservoirs and tanks	4,000
Mains	40,480
Services	3,960
Meters	3,960
Hydrants	2,950
General equipment	750
	<u>\$76,350</u>

The evidence shows that such costs are reasonable for the system to be installed. Applicant's request to issue stock therefor will be granted, the Commission finding as a fact that the money,

property or labor to be procured or paid for by such issuance of stock is reasonably required for the above-itemized purposes and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

Applicant proposes to apply its existing water rates to water sales in the new area. Such rates have heretofore been found by this Commission to be fair and reasonable. The Commission now finds that they appropriately may be charged for service in the new tract. Applicant, however, is now providing fire hydrant rental service without benefit of a tariff for the same. A tariff for this category of utility service will be authorized herein.

The two wells which will supply Tract No. 211 are located outside the boundaries of said tract on parcels of land owned by Obispo Homes. The Commission finds that it is reasonable to require that such well sites be owned by applicant as a condition precedent to the rendering of service in Tract No. 211 and the order herein will so provide. Further, applicant will be required to apply for an appropriate permit from the proper health authority before water service to the public shall be commenced.

The certificate herein granted is subject to the provision of law:

That the Commission shall have no power to authorize the capitalization of the certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience or necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the grant of the certificate of public convenience and necessity or right.

O R D E R

Based upon the evidence and the findings contained in the foregoing opinion.

IT IS ORDERED as follows:

1. A certificate of public convenience and necessity be and it is hereby granted to Edna Road Water Company, Incorporated, authorizing it to own and operate a public utility water system for the distribution and sale of water within Tract No. 211, San Luis Obispo County.

2. Applicant is authorized to apply its presently effective tariffs to said Tract No. 211, and applicant shall file with this Commission after the effective date of this order, in conformity with General Order No. 96, such of its tariff schedules including tariff service area maps, as are necessary to provide for the application of its tariff schedules to said tract. Such revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after such filing.

3. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedule of fire hydrant rental charges attached to this order as Appendix A and, on five days' notice to the public and to this Commission, to make said schedule effective for service rendered thereunder.

4. 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 100 feet to the inch, delineating by appropriate markings the 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.

5. Applicant shall, prior to the date service is first furnished within Tract No. 211 under the authority herein granted, apply to the health authority having jurisdiction for a water supply permit for the system in said tract and within fifteen days thereafter shall report to the Commission in writing that application has been made for such permit.

6. Applicant, for the purposes set forth in the foregoing opinion, is authorized to issue not to exceed \$76,350 aggregate par value of its capital stock at par. Further, applicant shall file with this Commission a report or reports as required by General Order No. 24-A, which general order insofar as applicable is hereby made a part of this order.

7. If the certificate and the authorizations hereinabove granted are exercised within said Tract No. 211, applicant shall expressly dedicate to public utility purposes the land, parcels or areas, other than those covered by U. S. Government leases, on which the wells, pumps, tanks and related water facilities are located, and any easements or permits where water mains are located, otherwise than in streets dedicated to public use.

8. The certificate and stock issue authorization herein granted shall expire if not exercised prior to June 1, 1963.

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

Dated at San Francisco, California, this 12<sup>th</sup> day of SEPTEMBER, 1961.

[Signature]  
President  
[Signature]  
[Signature]  
George A. Grover  
[Signature]  
Commissioners

APPENDIX A

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated area known as Country Club Estates and vicinity, located adjacent to State Highway 147, approximately four miles south of the City of San Luis Obispo, San Luis Obispo County.

RATE

Per Month

For each hydrant..... \$2.00

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.