

Decision No. 64214**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of VILLAGE WATER COMPANY for an)
order granting a Certificate of)
Public Convenience and Necessity.)

Application No. 44567
(Filed June 19, 1962)
(Amended July 24, 1962)

OPINION AND ORDER

Village Water Company, a corporation furnishing public utility water service in the Conejo Valley and Las Posas areas of Ventura County pursuant to certificates of public convenience and necessity granted by Decisions Nos. 62583 and 63434, in Application No. 42911, seeks an order of the Commission suspending its certification for portions of Parcels Nos. 13, 16 and 18, as shown in red on the map attached as Revised Exhibit A to the application. At the same time, applicant seeks a certificate of public convenience and necessity to construct and extend its water system and authority to operate a water system in Parcels Nos. 22, 23 and 24 as shown in green on said Revised Exhibit A.

Applicant alleges that the requirements for water service in Parcels Nos. 13, 16 and 18, shown at the hearings on Application No. 42911, were based on plans of the developer of said parcels which, since July, 1961, have changed. The maximum number of customers to be served in the portions of Parcels Nos. 13, 16 and 18 to be affected by the application as amended would have been 513. The requirement for water in Parcels Nos. 22, 23 and 24 will amount to 403 residential customer equivalent connections, and said parcels will be developed by stockholders of applicant who also had proposed to develop Parcels Nos. 13, 16 and 18.

Parcel No. 22 will be connected to applicant's water system with a ten-inch line and to a ten-inch line presently serving the Conejo shopping center; Parcel No. 24 will be served by a ten-inch line recently installed for the purpose of serving the area north of the shopping center; and Parcel No. 23 will be connected at various places to the systems presently serving applicant's Parcel No. 14 and another series of connections will be made to the present facilities serving Parcel No. 15. In addition, Parcel No. 23 will be served by an eight-inch line connecting said parcel to applicant's reservoir designated as No. 2-A. The estimated costs of the facilities to be installed to serve Parcels Nos. 22, 23 and 24 will amount to approximately \$52,119; of this total, on-site facilities are estimated to cost \$41,179 which will be advanced to applicant under its Main Extension Rule No. 15. The owners of Parcels Nos. 22, 23 and 24 are stockholders of applicant and are, through other relationships, affiliates of Janss Investment Corporation, the principal holder of applicant's stock.

No change in applicant's basic water supply, treatment, or water storage facilities and no increase in the demands for water from applicant will result from the granting of the application.

A public hearing is not required. The Commission finds that public convenience and necessity require that the application be granted.

The certificate 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 action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be

considered as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

Application having been filed and the Commission having considered all the allegations thereof,

IT IS ORDERED that:

1. The certificates of public convenience and necessity granted to Village Water Company, a corporation, by Decisions Nos. 62583 and 63434, covering those portions of Parcels Nos. 13, 16 and 18 of Application No. 42911 and as shown on Revised Exhibit A attached to the amended application herein, are suspended and are no longer in effect.
2. Village Water Company is granted a certificate of public convenience and necessity to construct, extend, and operate its water system in Parcels Nos. 22, 23 and 24 as said parcels are delineated and shown in green on the map, Revised Exhibit A, attached to the application as amended.
3. Applicant is authorized to file, after the effective date of this order, to be effective on or before the date service is first rendered to the public under the authority herein granted, revised tariff sheets including tariff service area maps, acceptable to this Commission and in accordance with the requirements of General Order No. 96-A, to eliminate the application of its present tariff schedules to the areas for which its certificate is suspended herein and to provide for the application of those tariff schedules to the areas certificated herein. Such revised tariff sheets shall become

effective upon five days' notice to this Commission and to the public after filing as herein provided.

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

Dated at San Francisco, California, this 11th day of SEPTEMBER, 1962.

George T. Grover
President

D. Lynn Fox

Fredrick B. Holluff

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

Township 26 South, Range 33 East, M.D.B.&M., may be described as follows:

In Section 29 - That portion of the west $\frac{1}{2}$ of the southwest $\frac{1}{2}$ lying south and east of the state highway, and

In Section 30 - That portion of the east $\frac{1}{2}$ of the southeast $\frac{1}{2}$ lying east of the Southern California Edison Company Canal and south of the state highway.

Within the requested area is a subdivision known as Tract No. 2412 which contains 45 lots. Ten or 12 of these lots have been sold but no houses have been constructed.

Applicant's president, who is also president of the Barbee Corporation, the owner of all of the property in the service area excluding Tract No. 2412, testified that the remainder of the acreage would be developed over the next five years so as to result in a total of 250 to 300 lots in the entire service area. He testified that the second unit to be located southwest of the present first unit is now being engineered.

Description of the Water System

The principal source of water supply is an existing well located immediately adjacent to the Southern California Edison Company Canal which parallels the westerly boundary of the requested area. This well is stated to be 123 feet deep, is equipped with a five horsepower pump, and has a tested capacity of 120 gallons per minute. Water is delivered into a 500-gallon pressure tank located adjacent to the well. Applicant proposes to serve not more than fifteen customers until such time as an improvement is made in the available storage facilities. From the pressure tank water flows through a 4-inch and 6-inch diameter pipeline about 1,900

feet in length to Tract No. 2412. The distribution system in this tract consists of about 900 feet of 6-inch and 2,050 feet of 4-inch diameter pipe. The steel pipe used in the system is dipped and wrapped and placed at a depth so as to have a 30-inch cover. Three fire hydrants are installed in the tract.

For a temporary stand-by water source, applicant has an agreement for use of a well which is located nearby. With the pump installed on this well it is believed to be capable of producing about 40 gallons per minute. This well is not physically connected to applicant's system but, according to the testimony, an above-ground temporary connection could be made in a period of from 4 to 6 hours. The agreement for use of this well was received as Exhibit No. 10.

The estimated cost of the existing water system may be summarized as follows:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
301	Organization	\$ 500.00
306	Land (well site and easements)	250.00
311	Structures	None
315	Wofford Well No. 1	350.00
324	Pumping Equipment	1,590.83
342	Tank and site preparation (1 - 500 gal. tank)	200.00
343	Transmission and distribution system on Tract No. 2412	13,800.00
346	Meters (estimated)	1,800.00
348	Hydrants (3)	<u>150.00</u>
	Total	\$18,640.83

Prior to connecting the second unit of the development, applicant plans to drill a second well as a permanent backup facility at a location about 700 feet north of the existing well. At the time of development of the third unit of the subdivision, applicant's president testified a 42,000-gallon storage tank would be installed on the southeast corner of the service area at an elevation of about 170 feet higher than the balance of the property. He testified that expansion of the water system in connection with development of the other subdivision units would not be made under the main extension rule but the construction would be financed by the Barbee Corporation under an open account. Applicant is placed on notice that it must observe its filed main extension rule for all future main extensions unless authorization is first obtained from this Commission to deviate therefrom.

Financing

Applicant requests authority to issue 1,914 shares of \$10 par capital stock, or \$19,140 in the aggregate, to the Barbee Corporation in exchange for the existing water system described above, and \$500 working cash.

Rates

Applicant proposes to establish both metered and flat rate service as follows:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 700 cu.ft. or less	\$ 4.00
Next 3,300 cu.ft., per hundred cu.ft.30
Over 4,000 cu.ft., per hundred cu.ft.18
 <u>Minimum Charges</u>	
5/8 x 3/4 in. meters	\$ 4.00
3/4 in. meters	5.00
1 in. meters	7.00
1½ in. meters	11.00
2 in. meters	17.00

OR AT THE OPTION OF THE UTILITY

Flat Rates

Flat rates shall be 12 times the following minimum monthly charges per year.

5/8 in. line	\$ 4.00
3/4 in. line	5.00
1 in. line	7.00
1½ in. line	11.00
2 in. line	17.00

A rate for fire hydrant service was not included in the application as filed or amended, but at the hearing the application was considered amended so as to include a rate for fire hydrant service at \$2 per hydrant per month.

Staff Testimony

A Commission staff engineer made a field investigation and presented testimony at the hearing. His testimony indicated that applicant's plans for serving Tract No. 2412 will meet General Order No. 103 requirements, but that the plans for serving further development of the area are not finalized sufficiently to permit proper evaluation. His report included the recommendation that flat rate service be limited to residential service and that the meter rate should be available at the option of either the utility or the customer. He also recommended that both schedules be established on an annual basis.

Findings

Upon consideration of the evidence, the Commission finds as follows:

1. Public convenience and necessity require that the application be granted to the extent set forth in the ensuing order which will limit the certificate to Tract No. 2412.

2. Applicant possesses the financial resources to acquire and operate the proposed water system.

3. The money, property, or labor to be procured or paid for by the issuance of the stock herein authorized is reasonably required for the purposes specified herein, and such purposes are not in whole or in part reasonably chargeable to operating expenses or to income. The authorization herein granted for the issuance of stock and the action taken for the issuance of a certificate of public convenience and necessity are not to be construed as a finding of value of applicant's stock or properties nor as indicative of amounts to be included in any future rate base for determination of just and reasonable rates.

4. The rates set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered.

5. Applicant should apply to the proper health authority for a water supply permit and should file a copy of said application with the Commission.

The certificate 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.

O R D E R

Public hearing having been held, and based on the evidence therein adduced,

IT IS HEREBY ORDERED that:

1. Lakeland Water Company, a corporation, is granted a certificate of public convenience and necessity to construct and operate a public utility water system for the distribution and sale of water within Tract No. 2412 in the vicinity of Lake Isabella, Kern County.

2. Applicant is authorized to file with this Commission, after the effective date of this order and prior to the date service is first rendered to the public under the authority herein granted, in a manner acceptable to the Commission and in conformity with the provisions of General Order No. 96-A, the schedules of rates and charges set forth in Appendix A attached to this order, together with rules governing service to customers, a tariff service area map showing definite boundaries, and sample copies of printed forms to be used in connection with customers' services. Said rates, rules, tariff service area map and forms shall become effective upon five days' notice to the public and to this Commission after filing as hereinabove provided.

3. Within one year after service is first furnished to the public under the authority herein granted, or when the number of customers exceeds 15, whichever occurs first, applicant shall have installed such water storage capacity or other standby facilities as are necessary to provide for the reasonable continuation of an adequate supply of water in case of failure of the primary source of supply. Within ten days after such standby facilities are installed,

applicant shall file a written report with this Commission, setting forth in detail the manner in which it has complied with the provisions of this paragraph.

4. Applicant shall notify this Commission in writing of the date service is first furnished to the public under the rates and rules authorized herein, within ten days thereafter.

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 of not more than 400 feet to the inch, delineating by appropriate markings the tract of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.

6. Beginning with the year 1962, applicant shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3%. This rate shall be used until review indicates that it should be revised. Applicant shall review the depreciation rate, using the straight-line remaining life method, when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

7. Prior to the date service is first furnished to the public under the rates and rules authorized herein, applicant shall (a) apply to the appropriate public health authority for a water supply permit for the system which will serve the area herein certificated and (b) report to the Commission in writing, within ten days thereafter, that such application has been made.

8. Applicant, on and after the effective date hereof, may issue not to exceed 1,914 shares of its capital stock of the par value of \$10 per share (total par value \$19,140) for the purpose of acquiring said system referred to in the foregoing opinion and of providing working cash.

9. Applicant shall file with this Commission a report, or reports, as required by General Order No. 24-A, which order insofar as applicable is made a part of this order.

10. In all other respects this application is denied.

The authority herein granted will expire if not exercised within one year of the effective date hereof.

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

Dated at San Francisco, California, this 11th day of SEPTEMBER, 1962.

George T. Grover
President

[Signature]

Fredrick B. Helboff

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.