

Decision No. 66256**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of LESSER WATER COMPANY to extend service to contiguous territory to expand water system, authority to issue stock; request for ex parte.

Application No. 45082  
(Filed January 2, 1963)  
(Amended June 14, 1963)

In the Matter of the Application of ROSA WATER COMPANY, a corporation, for a certificate of public convenience and necessity authorizing applicant to furnish water service to additional areas near Santa Susana, California, and for an order authorizing the issuance of an installment note of \$6,000.00.

Application No. 45166  
(Filed February 11, 1963)

In the Matter of the Application of ROSA WATER COMPANY, a corporation, for a certificate of public convenience and necessity authorizing applicant to furnish water service to an additional area near Santa Susana, California.

Application No. 45214  
(Filed March 4, 1963)  
(Amended March 14, 1963)

In the Matter of the Application of ROSA WATER COMPANY, a corporation, for a certificate of public convenience and necessity authorizing applicant to furnish water service to Tract 1483-2 and others in the vicinity of Santa Susana, California.

Application No. 45445  
(Filed May 20, 1963)  
(Amended June 10, 1963)

In the Matter of the Application of ROSA WATER COMPANY, a corporation, for a certificate of public convenience and necessity authorizing applicant to furnish water service to additional contiguous areas containing tracts 1551 and 1554 and others in the vicinity of Santa Susana, California.

Application No. 45446  
(Filed May 20, 1963)  
(Amended June 14, 1963)

In the Matter of the Application of )  
SOUTHERN CALIFORNIA WATER COMPANY )  
for an order granting a certificate )  
of public convenience and necessity )  
to construct or extend its plant or )  
system to render service, for an order )  
granting it a certificate declaring )  
that public convenience and necessity )  
require the exercise of its rights and )  
privileges conveyed under the franchise )  
granted by Ordinance No. 968 of the )  
County of Ventura, deviation from the )  
filed Main Extension Rule and to )  
establish water rates in certain )  
territory in Ventura County. )

Application No. 45238  
(Filed March 12, 1963)

Neville R. Lewis, for Lesser Water Co.;  
Gibson, Dunn & Crutcher, by Raymond L. Curran,  
for Rosa Water Co.; O'Melveny & Myers, by  
Donn B. Miller, for Southern California  
Water Company, applicants.  
John B. Marshall, for Tapo Mutual Water Co.;  
Alfred R. Keep, for County of Ventura & Water  
Works Districts No. 3 & No. 9, Ventura County,  
protestants.  
Albert L. Rosen, for Simi Valley Homeowners  
Association, Inc.; Herman F. Selvin, for Laret  
Investment Corp.; Stanley E. Cohen, for ABC  
Investment Co.; William R. Pippin, for Royal  
Water Company, interested parties.  
Elinore Charles, A. L. Giclegem, E. F. Catey,  
and Donald B. Steger, for the Commission staff.

#### O P I N I O N

Public hearings in the above consolidated applications were held in Los Angeles before Examiner Rogers on June 25, 26, 27, and 28; August 1, 2, 20, 22, and 23; and in Simi, California, on August 21, 1963. On August 23, 1963, the applications were submitted.

During the hearings Water Works District No. 9 and the Simi Valley Homeowners Association protested the granting of any authority to any water company in the proposed service areas. The objection of the District was that it may eventually include the proposed area and the granting of the certificates at the present

time would result in expensive litigation by the District. The Homeowners Association supports the District. Inasmuch as there is apparently a present need for water, and no public agencies are established and able to furnish water, these protests are denied.

During the hearings, evidence was presented relative to Application No. 45444 of Rosa Water Co. (Rosa). This application concerned territory not sought by either of the other water companies and Rosa stated that there was an urgent situation relative to this area. For that reason, the Commission heretofore rendered Decision No. 65928, dated August 27, 1963, on said application, based on the evidence presented at the hearings herein.

Lesser Water Company - Application No. 45082

Lesser Water Company (Lesser) has authority from this Commission to furnish domestic water to subdivisions in Conejo Valley, Ventura County, and as of June 25, 1963, was serving approximately 650 customers therein and by the end of that month would be serving 800 customers. By this application, as amended, Lesser seeks authority to furnish water to approximately 128 acres of land in Simi Valley, Ventura County, and to issue stock for cash. One hundred seven acres of this area, including Tract No. 1517, are owned by Louis Lesser Enterprises, Inc., Lesser's parent corporation, which plans to construct therein 393 homes. The balance of the area, comprising 21 acres, includes portions of two school sites. The area requested is approximately 15 miles from Lesser's present serving area in the Conejo Valley.

The basic water supply would come from an existing well in the area which has been tested to produce 440 gallons of water per minute, which water meets the minimum standards of the California Department of Public Health. Lesser also proposes to

construct three 210,000-gallon storage tanks for ultimate development and boosters having capacities totaling 1,400 gallons per minute.

Late in 1963, the Calleguas Municipal Water District (Calleguas) is scheduled to complete a 48-inch line which will make imported water available to the Simi area. Lesser proposes to secure water from this line at a point approximately 4,400 feet from the proposed service area and would use the Calleguas water to supplement its well supply.

Lesser has a franchise from the County of Ventura to use the public streets for its pipelines and has been authorized by this Commission to exercise said franchise.

Lesser estimates that it would require utility plant costing a total of \$290,900 to serve the area. Lesser would furnish back-up facilities, plus meters, at an estimated cost of \$161,500 and the subdivider would furnish the distribution facilities subject to advance at an estimated cost of \$129,400. Funds for the back-up facilities would be secured from the parent corporation by the issuance of stock, and authority to issue such stock is requested by Lesser. The balance of the funds would be advanced by the subdivider and refunded pursuant to the presently authorized main extension rule.

All services would be metered. The proposed rates are as follows:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 500 cu.ft., or less .....	\$4.00
Next 1,500 cu.ft., per 100 cu.ft. ....	.25
Next 3,000 cu.ft., per 100 cu.ft. ....	.20
Over 5,000 cu.ft., per 100 cu.ft. ....	.15

The staff estimates that 1,800 cubic feet per month would be the average use for domestic consumers in the area. At the proposed rates such quantity would cost \$7.25. The staff estimates that the revenues would be \$33,600 per year at full development, and that the operating expenses would be \$17,900.

It would be possible for Lesser to serve the area as proposed, but this development would involve higher expenditures for back-up facilities for the limited number of customers proposed to be served than would be required for Rosa Water Company to serve said area, which Rosa seeks to serve.

Lesser's local supply barely meets the standards of the California Department of Public Health for a water supply permit. Either this local supply or the Calleguas supply would be adequate in quantity to meet the requirements of the area.

Lesser's ratio of advances to depreciated plant would not be appreciably changed if it were to serve Tract No. 1517 under the provisions of its main extension rule.

Rosa Water Company - Application No. 45214

By this application, Rosa seeks authority to serve approximately 116 acres in an area including said Tract No. 1517, which is contiguous to one of Rosa's present service areas. Unlike Lesser, Rosa has no affiliation with the subdivider. Rosa Water Company has authority from this Commission to furnish domestic water in 11 areas in Simi Valley and vicinity. As of June 1963, Rosa was serving a total of approximately 1,600 customers. Rosa has a county-wide franchise which it has been authorized to exercise by this Commission. It now obtains its water from wells. The well supplies, when properly blended, meet the minimum standards of the California Department of Public Health. In addition, Rosa

proposes to obtain water from the Calleguas main. It proposes to connect the system in Tract No. 1517 with its existing transmission line which extends along Los Angeles Avenue, the southern boundary of the tract. The in-tract facilities would be financed pursuant to Rosa's main extension rule. Rosa proposes to install a tank and boosters at an allocated cost of \$11,000 to provide service to the tract and to have the subdivider advance the cost thereof, pursuant to its main extension rule.

All services would be metered. Rosa proposes to apply its existing rates, which are as follows:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 1,000 cu.ft., or less .....	\$3.50
Next 1,000 cu.ft., per 100 cu.ft. ....	.25
Next 3,000 cu.ft., per 100 cu.ft. ....	.20
Over 5,000 cu.ft., per 100 cu.ft. ....	.175

Such rates would result in a monthly charge of \$5.50 for the estimated average consumption of 1,800 cubic feet. Rosa estimates \$26,500 per year revenue at ultimate development, with estimated operating expenses of \$16,000.

The record shows that the total cost of utility plant assignable to the area requested by Rosa in this application, including amounts to be advanced by the subdivider, would be \$196,100 for Rosa. This amount is comparable to the aforementioned total of \$290,900 for Lesser to serve the area it requests. The estimated cost of meters and additional back-up facilities, plus the allocated cost of existing back-up plant, would be \$62,800 for Rosa. This amount is comparable to the aforementioned total of \$161,500 for Lesser. Because of the considerably lower plant investment which would be required for Rosa to serve the area, the order herein will grant Rosa's request and deny Lesser's.

Rosa Water Company - Application No. 45166

This application involves approximately 40 acres in three parcels of land in the vicinity of Simi, referred to as parcels "S", "T" and "LP". By Decision No. 65461, dated May 28, 1963, the Commission authorized Rosa to serve parcels "S" and "LP" and to issue a note. Parcel "T" is less than one and one-half acres in area and is contested herein by Southern California Water Company (Southern) in Application No. 45238. By Decision No. 65561, dated June 18, 1963, the Commission authorized Rosa to extend service to Parcel "T" on a temporary basis. The order herein will authorize Rosa to serve parcel "T" on a permanent basis.

Rosa Water Company - Application No. 45445

By this application Rosa seeks authority to serve six designated parcels of land containing approximately 202 acres, in the vicinity of Simi and to issue stock in connection therewith. By Decision No. 65630, dated July 2, 1963, Rosa was authorized to extend service to one of said parcels, to wit, Tract No. 1483-2, designated as Parcel 4. Rosa's request to serve Parcel 1, consisting of Tract No. 1505 and Tract No. 1557, is contested by Southern. There is no contest for service to the other parcels.

Rosa also requests authority to finance the cost of certain special back-up facilities in the estimated amount of \$51,430 by an advance from the subdivider, and to issue 5% preferred stock in lieu of cash payments of refunds of the advance. The cost of meters in the estimated amount of \$20,430 has been improperly included in this proposed advance. The cost of the other special back-up facilities, consisting of storage and pumping facilities, would be properly includable. Because these areas represent logical extensions of Rosa's existing service areas, the order herein will

authorize Rosa to serve the five remaining parcels requested by this application, and will authorize the issuance of 5% preferred stock in the amount of \$31,000 for the refunds of advances for special back-up facilities, exclusive of meters.

Rosa also requests authorization to make further extensions of its distribution mains after advance balances exceed 50% of depreciated plant. At the hearings Rosa indicated that it would terminate certain main extension contracts pursuant to the provisions of its filed main extension rule. Such authorization will not be granted herein. However, at such time as Rosa's level of advances exceeds 50% of net plant, Rosa may make application to the Commission requesting authorization to make further extensions of its distribution mains.

Rosa Water Company - Application No. 45446

By this application, Rosa seeks authority to serve approximately 515 acres in five parcels of land in the vicinity of Simi. Rosa's request to serve these five parcels is contested by Southern. Plans for the development of these parcels, which are almost entirely controlled by one subdivider, Laret Investment Corp., will be discussed hereinafter in connection with Application No. 45238 of Southern. The subdivider's counsel stated that Laret would not accept service from Rosa. Rosa proposes to finance the installation of certain off-site facilities by advances under its main extension rule.

The evidence shows that only 16 acres of the total of 515 acres requested in this application should be awarded to Rosa, namely Tract No. 1459. The record shows that Southern has a better overall capability than does Rosa to undertake to serve the remaining portion of the area requested in this application.



Southern California Water Company - Application No. 45238

Southern has authority from this Commission to furnish water service in 16 operating districts in seven counties. As of December 31, 1962, it was serving approximately 130,900 water customers. Southern also has one electric distribution system.

By this application, Southern seeks authority to serve approximately 1,750 acres in the vicinity of Simi, consisting of one parcel of approximately 1,710 acres and a second parcel of approximately 40 acres. This second parcel, which lies south of Royal Avenue, includes Tracts Nos. 1459, 1505 and 1557, which, as discussed above under Applications Nos. 45445 and 45446, will be certificated to Rosa.

The areas which are the subject of this application are substantially all owned or controlled by Laret Investment Corp. The staff estimated that development of the area requested will produce 7,970 water users while Southern estimated 3,400. The president of Laret testified that Laret was building about 200 homes per month in the Simi area.

Southern's sole source of water supply will be Calleguas, which will have a main contiguous on the south to two places in Southern's proposed service area. At the outset, Southern proposes to construct 1,000,000 gallons of storage in the extreme northwest portion of the requested service area. This reservoir will be connected to a Calleguas tap by a two-mile transmission main.

Southern requests authority to refund main extension costs advanced by subdividers under the proportionate cost method. Southern's filed main extension rule provides for such refunds under the percentage of revenue method. Southern's refund proposal would increase its revenue requirements and produce a resultant burden on

its ratepayers. The requested deviation from its main extension rule will therefore be denied.

Southern proposes to pay the cost of transmission mains outside of Laret's subdivisions, but to protect Southern against the economic impact of any failure of Laret's plans to materialize, Laret would execute a note payable to Southern if 1,500 homes have not been constructed within four years after certification.

Southern has the overall public utility capability to provide service to the major portion of the areas requested by it. Southern will, therefore, be authorized to furnish water service in all of those areas it has requested, exclusive of those areas which it has heretofore been indicated will be certificated to Rosa and exclusive of a portion of area "L" previously certificated to Rosa by Decision No. 62888. However, the developer's plans for the eastern portion of the area to be certificated herein to Southern are not firm. The order will, therefore, provide that Southern may not extend its service east of Sycamore Road without further order of this Commission.

Southern's proposed rates for general metered service are set forth below:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 500 cu.ft., or less .....	\$3.00
Next 1,500 cu.ft., per 100 cu.ft. ....	.30
Next 3,000 cu.ft., per 100 cu.ft. ....	.20
Over 5,000 cu.ft., per 100 cu.ft. ....	.15

The record shows that these rates would produce an excessive rate of return on Southern's operations under the conditions which will be required by this order, i.e., that Southern adhere to the provisions of its filed main extension rule. Southern will be authorized to file the same schedule of rates for general

metered service as is now in effect for the areas served by Rosa. This schedule of rates is appropriately lower than the above-proposed schedule, which would produce approximately a 15% return on Southern's first year of operation.

Upon the evidence and record in the consolidated matters herein considered, the Commission finds as follows:

1. A need for public utility water service is developing in the areas herein requested to be certificated.

2. Adequate supplies of water will be available to provide adequate service to meet this need as it develops.

3. Public convenience and necessity require that the applications of Rosa Water Company and Southern California Water Company should be granted to the extent provided in the ensuing order. Rosa should be authorized to serve the area contested by the Lesser application because of the lower plant investment required for service by Rosa. Such service would be a logical extension from Rosa's present service areas, and the number of public utility water companies in this area would be reduced. Rosa should be authorized to serve the parcel of approximately 40 acres which lies south of Royal Avenue and is contested by the application of Southern because such service would be a logical extension from Rosa's present service areas. The record does not justify the granting of Lesser's application and the same should be denied.

4. Rosa's existing tariffs are reasonable for service in the areas certificated to it herein.

5. Southern's existing tariffs and specific rate proposals, except its proposal for general metered service, are reasonable for service in the areas certificated to it herein. Southern's proposed

rate for water service for construction in new subdivisions should be incorporated in the system-wide schedule for construction service.

6. Rosa's schedule of rates for general metered service is reasonable for the area certificated herein to Southern.

7. Except for the inclusion of the cost of meters in the advances for back-up plant to be refunded in preferred stocks, Rosa's financing proposals are reasonable. The proposal to include the cost of meters in advances for back-up plant is unreasonable.

8. Except insofar as it proposes to deviate from its filed main extension rule, Southern's financing proposals are reasonable and Southern may secure a note from Laret for payment in the event of failure of the anticipated development, as provided in the proposed extension agreement between the parties.

9. Rosa has a franchise from the County of Ventura and authority from this Commission for the exercise thereof.

10. Public convenience and necessity require that Southern be granted a certificate to exercise the franchise granted to it by the County of Ventura by Ordinance No. 968, dated August 30, 1960.

The authority to issue stock hereinafter granted to Rosa shall not be construed to be a finding of the value of the properties of said applicant and shall not necessarily be utilized as a basis for determining applicant's rates for water service.

Based on the foregoing findings, the Commission concludes that:

(1) The applications of Rosa and Southern should be granted to the extent authorized in the order herein.

(2) The application of Lesser should be denied.

The certificates of public convenience and necessity issued herein are subject to the following provision of law: ✓

The Commission shall have no power to authorize the capitalization of the franchise involved herein or these certificates of public convenience and necessity, or the right to own, operate, or enjoy such franchise or certificates of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the issuance of such franchise, certificates of public convenience and necessity or right. ✓

O R D E R

IT IS ORDERED that:

1. Application No. 45082 of Lesser Water Company is denied.
2. Rosa Water Company, a corporation, is granted a certificate of public convenience and necessity to extend, construct and operate its public utility water system to serve the following areas:
  - (a) The parcel described in Exhibit B attached to Application No. 45214, containing approximately 116 acres.
  - (b) The area designated as Parcel "T" in Application No. 45166 located at the southwest corner of the intersection of Los Angeles Avenue and Sycamore Drive, Santa Susana, containing approximately one and one-half acres.
  - (c) Tracts Nos. 1505 (including 1557), 1506, 1511, and 1519 as shown on Exhibit A attached to Application No. 45445, and Appleton Ranch as described in Exhibit B attached to that application, containing approximately 153 acres.
  - (d) Tract No. 1459 as shown on Exhibit A attached to Application No. 45446, containing approximately 16 acres.
3. Southern California Water Company, a corporation, is granted a certificate of public convenience and necessity to

construct and operate a public utility water system to serve approximately 1,710 acres in the areas described in Exhibit No. 28 excepting therefrom the parcel lying south of Royal Avenue which parcel is certificated herein to Rosa and excepting therefrom areas previously certificated to Rosa. However, Southern California Water Company shall not extend service to that portion of the area certificated to it herein lying east of Sycamore Road without further order of this Commission.

4. Rosa Water Company shall notify this Commission, in writing, within thirty days after installation and placing in operation of facilities to make a supplemental water supply available to its water system from Calleguas. After such notification, the Commission will issue an appropriate supplemental order in this proceeding lifting the restriction against Rosa Water Company extending service outside of the territory certificated to it.

5. Rosa Water Company is authorized to apply its presently filed tariffs to the areas certificated herein.

6. Southern California Water Company is authorized and directed to file with this Commission within one year after the effective date of this order, to be effective on or before service is first rendered to the public under the authority herein granted, and in conformity with the Commission's General Order No. 96-A, the schedules of rates shown in Appendix A attached hereto. Such rates shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

7. Rosa Water Company and Southern California Water Company are authorized and directed to file and revise after the effective date of this order, and in conformity with General Order No. 96-A, such of their tariff sheets, including tariff service area maps

as are necessary to provide for the application of their tariff schedules to the areas certificated herein. Such tariff sheets shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

8. A certificate of public convenience and necessity is granted to Southern California Water Company to exercise the rights and privileges granted by the County of Ventura by Ordinance No. 968 in the areas certificated herein.

9. Rosa Water Company, after the effective date of this order, is authorized to issue not to exceed \$31,000 aggregate par value of Series A, five percent preferred stock for the purposes stated in the foregoing opinion, the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the securities herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

10. Rosa Water Company shall file with the 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.

11. The request of Southern California Water Company for authority to refund main extension costs in the areas certificated herein under a proportionate cost method is denied.

12. Rosa Water Company and Southern California Water Company shall file within thirty days after the water systems are placed in operation under the authority granted 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 applicants.

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

Dated at San Francisco, California, this 5<sup>th</sup> day of NOVEMBER, 1963.

*William W. Beards*  
President  
*John C. Mitchell*  
*Walter A. [unclear]*  
*George E. Grover*  
*Fredrick B. Holhoff*  
Commissioners



APPENDIX A

Page 1 of 4

Schedule No. SI-1

(N)

Simi Valley Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Simi Valley, Ventura County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less .....	\$ 3.50
Next 1,000 cu.ft., per 100 cu.ft. ....	.25
Next 3,000 cu.ft., per 100 cu.ft. ....	.20
Over 5,000 cu.ft., per 100 cu.ft. ....	.175
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 3.50
For 3/4-inch meter .....	4.50
For 1-inch meter .....	7.50
For 1 1/2-inch meter .....	15.00
For 2-inch meter .....	23.00
For 3-inch meter .....	35.00
For 4-inch meter .....	50.00
For 5-inch meter .....	75.00
For 6-inch meter .....	105.00
For 8-inch meter .....	170.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

(N)

APPENDIX A

Schedule No. SI-5

Simi Valley Tariff Area

PUBLIC FIRE HYDRANT SERVICE

(N)

APPLICABILITY

Applicable to all public fire hydrant service.

TERRITORY

Portions of Simi Valley, Ventura County.

RATE

	<u>Per Hydrant Per Month</u>
For each hydrant .....	\$2.00

SPECIAL CONDITION

The company shall not be required to supply water at a higher pressure than is available from time to time as a result of its normal operation of the system.

(N)

APPENDIX A

Page 3 of 4

Schedule No. AA-9C

All Tariff Areas

CONSTRUCTION AND OTHER TEMPORARY FLAT RATE SERVICE

APPLICABILITY

Applicable to water service furnished for construction and temporary purposes.

TERRITORY

Within all districts served by the company.

RATES

- |     |   |         |     |
|-----|---|---------|-----|
| (1) | For each 100 square feet of concrete sidewalk constructed .....   | \$ 0.20 |     |
| (2) | For each 100 linear feet of concrete curb constructed .....   | .40     |     |
| (3) | For each 100 square feet of concrete gutter constructed .....   | .40     |     |
| (4) | For each 100 square feet of concrete street constructed .....   | .40     |     |
| (5) | For settling graded street, for each 100 square feet of street graded .....   | .05     |     |
| (6) | For settling backfill of trenches, for each lineal foot of trench with 16-square foot cross-sectional area, or less .....                   | .01     |     |
|     | For each lineal foot of trench of over 16-square foot cross-sectional area the rate per foot of trench increases in proportion to the area. |         |     |
| (7) | For construction purposes in new subdivisions, for each house .....   | 2.00    | (N) |

(Continued)

APPENDIX A

Page 4 of 4

Schedule No. AA-9C

All Tariff Areas

CONSTRUCTION AND OTHER TEMPORARY FLAT RATE SERVICE

(Continued)

SPECIAL CONDITIONS

1. For other temporary uses, an estimate of the quantity of water used will be made by the company. The charge for this water will be made at the quantity rate for General Metered Service.
2. The applicant for such temporary service shall be required to pay to the company in advance the net cost of installing and removing any facilities necessary in connection with furnishing such service by the company.
3. The applicant for temporary service shall be required to deposit with the company a sum of money equal to the estimated amount of the company's bill for such service or to otherwise secure, in a manner satisfactory to the company, the payment of any bills which accrue by reason of such service so furnished or supplied.