

ORIGINAL

Decision No. 67265

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MALIBU WATER COMPANY, for an)
order granting a certificate of)
public convenience and necessity)
to construct and extend its plant)
and system to render water serv-)
ice within the boundaries of)
Rancho Topanga Malibu Sequit, of)
Los Angeles County, California.)

Application No. 46138
Filed January 20, 1964

F. B. Yoakum, Jr., for applicant.
Jerry J. Levander and Kenji Tomita, for
the Commission staff.

O P I N I O N

Malibu Water Company seeks a certificate of public convenience and necessity to construct, extend and operate its public utility water system in a substantial expansion of its present service areas¹ to include all lands within the boundaries of Rancho Topanga Malibu Sequit (Rancho) in the area shown in pink on a map, Exhibit A, attached to the application.

Public hearing was held before Examiner Warner on February 28, 1964, at Malibu. No protests were entered.

The area covered by the application comprises about 10,000 acres in addition to the 4,000 acres included in applicant's present service areas. The latter are shown in red on Exhibit A and extend from Las Flores Canyon on the east about 20 miles along the Pacific Coast almost to the Los Angeles-Ventura County line on the west and average 1.2 miles in width. In October 1963, applicant was furnishing domestic water service to a total of 1,870 regular customers.

¹ Service areas include normal extensions of certificated areas.

The present and proposed service areas are entirely within the boundaries of Los Angeles County Water Works District No. 29 (District 29), established September 29, 1959. Said District is within the boundaries of West Basin Municipal Water District (West Basin), which is a member agency of Metropolitan Water District of Southern California (MWD). In the Topanga Canyon area, District 29 has acquired some 10 utilities and serves about 900 individual customers and five small utilities; it furnishes water to applicant through a connection to a large-sized transmission main which District 29 has constructed and which traverses applicant's present service area to Trancas Canyon Road.

Although served a copy of the application and notified of the hearing, District 29 made no appearance and took no position with respect to the application. The record indicates that applicant has been verbally assured by District 29 that the latter will not solicit the furnishing of water service within applicant's certificated area boundaries except to County facilities such as fire stations and beach recreation areas.

The principal purpose of the instant application is to expand and delineate applicant's certificated service area in order to facilitate applicant's master planning of its water system without interference from District 29 or any other water purveying agency. The boundaries of Las Virgenes Municipal Water District (Las Virgenes) abut the boundaries of Rancho on the north and extend substantially northward. Las Virgenes made no appearance at the hearing and took no position with respect to the application.

Neither District 29, West Basin, nor Las Virgenes is subject to the jurisdiction of this Commission as a public utility water corporation.

Applicant contends that inasmuch as gas, electric, and telephone public utility corporations serve large areas delineated by certain boundaries, its expanded boundaries, likewise, should be delineated.

Commission records and the testimony and other evidence herein show that applicant's operations have been inhibited by uncertain and inadequate sources of water supply from coastal wells. Due to drought conditions in recent years and heavy draft its wells have been depleted, and salt water has intruded into some wells, causing their abandonment. Introduction of MWD water through District 29's pipeline has favorably altered applicant's sources of water supply by considerably augmenting them. Lack and uncertainty of water supplies have retarded development of Rancho. The Rancho territory remaining to be developed varies in elevation from sea level to approximately 1,200 feet. On October 2, 1962, Rancho and adjacent areas in the 4th and 5th Supervisorial Districts were zoned by the Los Angeles County Board of Supervisors in Ordinance No. 8281. Exhibit No. 3 is a zoning map, and the record shows that this is the first instance of this type of large scale zoning to plan future development. Such zoning action by the Board of Supervisors is advanced by applicant in justification of its filing the application.

Several witnesses commended applicant on improved water service. One real estate agent and one subdivider supported the application. The agent testified that of his clients' properties in the proposed area, 400 acres in the extreme northeasterly portion and between 190 and 210 acres in the Trancas Canyon area are contiguous to applicant's existing area and that approximately 150-170 acres in the Trancas area are noncontiguous. He testified

that he had other clients throughout the area and other locations that have other parcels of from two to ten acres awaiting water service. The subdivider testified that he was developing 46 acres with 117 lots in the Trancas area, which the record shows to be contiguous to applicant's existing area. Except for the latter, none of the witnesses specifically outlined any development plans for or explicitly requested water service to their properties.

Applicant's president testified that arrangements for the financing of the total amount of \$11,580,000, estimated as the cost of construction of water system facilities in and for the proposed area, had not been made. He suggested that, in addition to \$6,545,000 to be advanced by subdividers, stock might be sold, funds might be provided by Marblehead Land Company, owner of applicant's stock and owner of between 200 and 300 acres of land within the existing and proposed areas, or additional money might be borrowed from insurance companies or banks for the balance. Applicant's counsel testified that, in his opinion, District 29 was compelled to furnish water service to applicant and to meet any water service requirement by applicant within District 29's boundaries. Such service would be furnished according to District 29's rates and rules set by the Los Angeles County Board of Supervisors, its governing body.

Applicant's purpose in its seeking the certification of large, undeveloped territory adjacent to its present service areas, in order to reserve to itself the service of such area, is insufficient to demonstrate that public convenience and necessity require that the application be granted. Such certification, if granted and accepted, would constitute a holding out by applicant to furnish water service in quantities, at elevations, and under circumstances which might result in a burden upon existing customers and might

then be adverse to the public interest. The delineated service areas of the large gas, electric, and telephone public utilities with widespread, integrated operating systems are not analogous to applicant's water system operations.

While the Commission is mindful of applicant's desire that its present service areas be greatly expanded, the Commission finds that public convenience and necessity therefor have not been shown by applicant. There is no contract for a source of water to supply the development of some 10,000 acres of land; the sources of money to finance the water system installations are not clear; no noncontiguous property owner in the area has explicitly requested water service from applicant; applicant may extend its water system under the provisions of Section 1001 in the ordinary course of its business without the blanket certificate herein sought; threatened competition from some other public utility, which might be advanced as a cause for the granting of the application, does not exist; the granting of the certificate applied for herein would not preclude municipal districts from extending their water systems throughout the proposed area.

The Commission concludes, therefore, that the application should be denied.

O R D E R

IT IS ORDERED that this application is denied.

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

Dated at San Francisco, California, this 21st day of MAY, 1964.

William C. Brundage
President
George T. Trover
Fredrick B. Holcomb
Commissioners