

**ORIGINAL**

Decision No. 68494

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SATICOY WATER COMPANY }  
to extend service and request for }  
ex parte proceedings. }

Application No. 46898  
(Filed August 17, 1964; Amended  
November 16, 1964)

Ernest R. Nichols, for applicant.

Jerry J. Levander, for the  
Commission staff.

O P I N I O N

By this application Saticoy Water Company seeks authority to extend its public utility water system and service to approximately 353 acres which are to be developed for single-family residences. The initial development which consists of 17 lots is known as Tract No. 1619. The area is shown on the map designated as Exhibit A, and described in Exhibit B attached to the application and is located two and one-half miles south and east of Saticoy in the County of Ventura. A country club with a golf course is included in the area, but will not be served by applicant. The country club intends to retain a two-thirds ownership in the existing water facilities and to provide for its own needs including water for the clubhouse and irrigation of the golf course. Applicant will serve only the houses in the tract. A letter from the subdivider is attached to the application stating that it is ready to begin sales as soon as water is available.

By amendment filed November 16, 1964, applicant proposed that its presently filed rates for Saticoy-Montalvo Tariff Area are to be extended to the areas sought by this application as the costs and nature of service in the new area conform more nearly to this tariff schedule.

Public hearing was held before Examiner DeWolf on December 1, 1964, at Saticoy, California. No protests were entered.

There are two other water purveyors in this vicinity three miles or more from applicant. Camino Water Company filed Application No. 46720 on June 11, 1964, requesting a certificate of public convenience and necessity covering the same area now being requested by applicant. On August 4, 1964, Camino transmitted a letter to the Commission in which it stated its intention to withdraw the request and on September 30, 1964, the Commission by Decision No. 67929 dismissed the application. Village Water Company is operating as a public utility in its Las Posas area approximately three miles east of the requested area. It has not indicated any intention to provide water service within the requested area.

Applicant's president testified that all the allegations contained in the application as amended were true, and offered into evidence its agreements with the interested parties.

Exhibit 1 is a copy of applicant's agreement, dated October 6, 1964, with the owners and subdivider which, with Exhibit 2, a two-page explanatory letter, provides generally for

sale of one-third interest in existing water facilities to applicant for the sum of \$44,660.17 to be paid by applicant in ten equal annual installments beginning on the date of occupancy of the 80th residence in the tract. The water facilities include a site for a well and easements for mains and water lines. The agreement is subject to approval of the Public Utilities Commission. The in-tract facilities will be installed in accordance with applicant's filed tariffs.

Exhibit 3 is a water operating agreement dated October 6, 1964, entered into by applicant with the Saticoy Country Club providing for ownership and operation of said water facilities described in Exhibit 1, in common, two-thirds to the country club for supply of irrigation water to its golf course and domestic water to its clubhouse only and one-third to the applicant for supplying water for its public utility water customers. Exhibit 3 describes the terms for said operation.

A joint investigation was made by a financial examiner and a utilities engineer on the staff of the Public Utilities Commission, each of whom testified. Their report was received in evidence as Exhibit 4.

The staff report describes the service area, applicant's water system and the proposed water requirements and summarizes applicant's accounting and financial position and capital structure as follows:

	Recorded		Adjust- ments	Pro Forma	
	June 30, 1964	%		June 30, 1969	%
	Amount			Amount	
Long Term Debt	\$ 151,000	13.8	\$ 69,660	\$ 220,660	17.1
Advances for Construction	594,873	54.5	(70,913)	523,960	40.6
	<u>745,873</u>	<u>68.3</u>		<u>744,620</u>	<u>57.7</u>
Common Equity Capital	345,846	31.7	200,000	545,846	42.3
	<u>\$1,091,719</u>	<u>100.0%</u>		<u>\$1,290,466</u>	<u>100.0%</u>
Advances to Net Plant Ratio		<u>49.2%</u>			<u>45.6%</u>

The staff report states that said tabulation shows applicant's equity position as it relates to total capitalization will improve substantially, almost wholly as a result of estimated retained earnings, and recommends granting of the application. Further, the staff report recommends that applicant be authorized to make effective its "Saticoy-Montalvo" tariff area rates for water service in the requested area; that applicant file an application for a public health permit; that applicant file revised tariffs complying with general orders of the Commission and a map showing the water system and facilities; that as to the additional water system, ad valorem taxes paid by applicant prior to the acquisition of the facilities be treated as a deferred charge applicable as a reduction of the ultimate purchase price; and that the agreements filed by applicant as Exhibits 1 and 3 be approved by the Commission.

Based on the sworn allegations of the application and the evidence, the Commission finds that:

1. Requests for water service have been made to applicant by a subdivider of a parcel containing a total of 353 acres located in the vicinity of Saticoy, California.

2. Exhibits 1 and 3, dated October 6, 1964, are copies of agreements of applicant with owners and subdivider for acquisition and operation of the water system and should be approved.

3. The granting of the application will not unduly burden either applicant's water supply or its finances.

4. Applicant has adequate water supplies available to it to serve the proposed area.

5. Applicant's proposal to apply its Saticoy-Montalvo tariffs to the areas sought to be certificated is reasonable.

6. Public convenience and necessity require the granting of the application.

The certificate herein granted shall be subject to the following provision of law:

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.

Based on the foregoing findings the Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Saticoy Water Company authorizing it to extend its water system and operate a public utility water system in the vicinity of Saticoy, Ventura County, within the area delineated on the map Exhibit A attached to the application.

2. The agreements dated October 6, 1964, and marked Exhibits 1 and 3 herein, which were entered into by applicant with subdivider and owners subject to Commission approval, are hereby approved and applicant is authorized to carry out the terms thereof.

3. Applicant shall, within thirty days after the effective date of the order, file with the Department of Public Health of the State of California, an application for a permit for the water system certificated herein, and shall file herein a copy of such application within ten days thereafter.

4. Within one year after the effective date of this order, and not less than five days before service is first furnished to the public under the authority granted herein, applicant may file revised tariff sheets in conformity with General Order No. 96-A, including revised tariff service area maps to provide for the application of its present Saticoy-Montalvo tariff schedules to the area certificated herein. The tariff schedules shall become effective on the fourth day after the date of filing. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

5. Within sixty days after the effective date of this order, applicant shall file four copies of a comprehensive map of the area certificated herein drawn to an indicated scale of not more 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.

6. Within one year after the effective date of this order, and not less than five days before service is first furnished to the public under the authority granted herein, applicant shall file the agreements, designated as Exhibits 1 and 3, in conformity with the provisions of the Commission's General Order No. 96-A.

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

Dated at San Francisco, California, this 19th day of JANUARY, 1965.

Frederick B. Holbrook  
President

[Signature]

George H. Hoover

[Signature]

Commissioners