

ORIGINAL

Decision No. 69582

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SATICOY WATER COMPANY under the)
provisions of Section XB of General)
Order No. 96-A for approval of)
lease of water facilities from)
municipal corporation and furnish-)
ing of water through such leased)
facilities and request for ex parte)
proceedings.)

Application No. 47041
Filed October 13, 1964

William T. Selby, for Saticoy Water Company,
applicant.
Clair A. Carlson, for City of San Buenaventura,
interested party.
J. J. Levander and C. Strelinski, for the
Commission staff.

O P I N I O N

Saticoy Water Company (Saticoy) requests an order of the Commission authorizing it to carry out the terms and conditions of a lease agreement dated May 12, 1964, with the City of San Buenaventura (City). The agreement relates to the rental by Saticoy of City-owned water service facilities within the service area of Saticoy. A copy of the agreement is attached to the application as Exhibit B.

A public hearing on this application was held before Examiner Gillanders at Ventura on May 6, 1965. Copies of the application and notice of hearing had been served in accordance with this Commission's instructions and rules of procedure. The matter was submitted upon receipt of the transcript on May 18, 1965.

City is a municipal corporation located in the County of Ventura. It presently owns and operates a water system by which it

serves water to certain areas within the City and also certain adjacent areas. It does not, however, presently serve water to all of the areas within the City, and presently does not serve water to any of the areas being served by Saticoy.

Saticoy is a public utility. It has been serving water as a public utility since 1897. Its certificated area consists of approximately 12 square miles bounded on the east by Wasson Barranca, on the north by Foothill Road, on the west by Sexton Road, and on the south by Highway 101 and the Santa Clara River. Part of this certificated area is within the present area of the City and part in the unincorporated area of the County of Ventura. Saticoy also serves a noncontiguous area approximately 2½ miles south and east of the town of Saticoy. This area is not affected by the agreement with the City.

Where the agreement refers to the "service area" of Saticoy the reference is only to the area east of Harmon Barranca, north of the Santa Clara River, west of Ellsworth Barranca, and south of the line approximately one mile north of Foothill Road.

Since 1961, City has extended its boundaries as far east as Wasson Barranca and it is expected that eventually the entire service area of Saticoy will be incorporated into the City.

Prior to April 22, 1963 Saticoy provided water service to new subdivisions within or without the City under its applicable filed tariffs. On April 22, 1963 the City Council of San Buenaventura adopted a resolution requiring the developer of each subdivision within the City or within territory to be annexed to the City to dedicate to the City all water facilities necessary to supply such subdivision.

All of Saticoy's service area is contained within the boundaries of the 1st Supervisorial District in Ventura County. On

April 28, 1964 the Board of Supervisors adopted a resolution establishing the policy that no new tract maps be considered in County territory, 1st District, without community sewerage for all lots under 20,000 square feet. City is the only entity supplying community sewerage facilities in the 1st District. It is the policy of the City that it will not supply sewerage facilities to subdivisions that are not a part of the City.

The end result of the actions recited above is that all new subdivisions in county territory, 1st District, are annexed to the City and the City receives title to the water systems installed in or without such subdivision by the subdivider and Saticoy no longer can expand its operations through application of its main extension rule (Rule 15, Section C).

The City does not desire to furnish water to the tracts located within the service area of Saticoy notwithstanding the ownership by the City of such facilities.

Saticoy's president testified that the agreement as signed was the best possible agreement that he could negotiate with the City.

On September 14, 1964 the City Council of San Buenaventura adopted Ordinance No. 1322 (Exhibit No. 2) which provides for a water system development charge not exceeding \$400 per gross acre to be paid before connection will be made to the facilities of City's water system. The monies so paid will be deposited in the City's Water System Improvement Fund and such fund will be used for water system improvement purposes. It is the City's position that it is entitled to a return on such monies if expended in Saticoy's area by means of an increased rental charge to Saticoy. All parties agreed that in essence Ordinance No. 1322 changed the agreement as signed

and also agreed that changes to the agreement could be made at any time by the adoption of other ordinances.

Exhibit No. 4, presented by a Commission engineer, shows that for the year 1964 Saticoy's rate of return was 10.6 percent, and that relating the basic agreement to 1964 operations the rate of return would have been 12.2 percent and relating the maximum provisions of the agreement to 1964 operations the rate of return would have been 4.5 percent.

The record is very clear that there exists between the parties to the agreement a wide difference of opinion as to the meaning of certain provisions in the agreement although counsel for each party in their closing statements urged that the Commission authorize the contract as signed.

The staff representatives, in their closing statements, joined in a motion to dismiss the application without prejudice so that the parties could resolve the areas of difference and reapply on a more compatible basis.

The Commission finds that the agreement as signed could result in a substantial lowering of Saticoy's rate of return and could become a burden to its existing ratepayers.

The Commission concludes that the motion to dismiss should be granted.

O R D E R

IT IS ORDERED that Application No. 47041 is dismissed without prejudice.

Dated at San Francisco, California, this 24th day of AUGUST, 1965.

Frederick B. Holden
President
John E. Ditcher
George J. Grover
Augustus
William B. Bennett
Commissioners