

**ORIGINAL**

Decision No. 70115

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 ROSSMOOR WATER COMPANY, a corporation,  
 for an Order to Extend and Furnish  
 Water Service outside its certificated  
 area, for a Certificate of Public  
 Convenience and Necessity authorizing  
 Applicant to construct and operate an  
 extended system in said area sought  
 to be served in Orange County,  
 California.

Application No. 47674  
 (Filed June 17, 1965)

O P I N I O N

Rossmoor Water Company, a corporation, seeks a certificate of public convenience and necessity authorizing it to construct extensions of its water system. A Commission staff report, hereby received as Exhibit No. 1, presents the results of a study of the application and of a field investigation of the proposed service area.

Present and Proposed Areas

The area which applicant is presently authorized to serve consists of some 2,800 acres of unincorporated territory in Orange County, located about ten miles south of Santa Ana. The initial 2,300 acres, known as Rossmoor Leisure World, was certificated to applicant by Decision No. 65273, dated April 23, 1963, in Application No. 44672. Subsequently, additional contiguous and nearby territory was certificated by Decision No. 65865, dated August 13, 1963, in Application No. 45518, and Decision No. 67873, dated September 22, 1964, in Application No. 46646. The three decisions all restricted applicant's service to its certificated areas.

Additional area proposed to be served by applicant consists of approximately 2,000 acres of land. This comprises the remainder of the territory within the boundaries of El Toro Water District not already certificated to applicant. Of the total requested additional acreage, about one-fourth is in a parcel located immediately north of the main portion of applicant's present certificated area, about one-third is in a saddle-shaped parcel located between and immediately southeast of two irregular portions of the northeastern extremities of the present certificated area, and the remainder is in a narrow strip extending about four miles northeasterly from the present certificated area.

Applicant alleges, and the Commission staff confirms in Exhibit No. 1, that there are no water systems presently serving within the additional area requested by applicant.

Proposed Construction

Applicant also alleges that real estate development in the area is continuing. Although there were no specific tracts at the time of filing the application, applicant alleges further that requests for service will probably be made in the near future. The Commission staff report indicates there will soon be a considerable amount of development in the saddle-shaped parcel hereinbefore discussed, located between the San Diego Freeway and the right-of-way of The Atchison, Topeka and Santa Fe Railway Company. The staff indicates, however, that no development is imminent west of the highway nor east of the railroad.

Applicant does not indicate the extent of water system construction needed in the near future to serve additional areas. Exhibit C to the application indicates that the ultimate development of the entire area requested will entail capital expenditures of

almost 3-1/2 million dollars, about two-thirds of which will be covered by advances for construction by subdividers. The remaining one-third of the cost is related to meters and back-up facilities to be installed by applicant with its own funds.

#### Water Supply and Requirements

Applicant's principal water supply will be from El Toro Water District (El Toro) and Moulton-Niguel Water District (Moulton-Niguel). The present and proposed certificated areas of applicant are within the boundaries of El Toro, with the exception of approximately 250 acres of the existing certificated areas located in Moulton-Niguel. Both districts are member agencies of the Metropolitan Water District of Southern California.

The board of directors of El Toro has expressed a policy of providing applicant with sufficient water to serve all customers within that district. Moulton-Niguel has made no commitment. The staff concludes that the water supply in the El Toro district appears to be adequate, and that wells which now supply irrigation water are potential future alternate sources of supply for applicant.

#### Franchise and Permit

Applicant was granted a franchise by the board of supervisors of Orange County, and was authorized to exercise the franchise by Decision No. 65571, dated June 18, 1963, in Application No. 44672. The areas now requested for certification are entirely within the franchise area. The franchise area includes the entire El Toro Water District and the portion of Moulton-Niguel Water District within which applicant is presently certificated.

#### Rates

Applicant proposes to apply its present rates to the additional area requested.

Financing

Decision No. 68945, dated April 27, 1965, in Application No. 46944, authorized applicant to issue \$1,700,000 of its First Mortgage Series A 6% Bonds and to issue shares of its common stock having an aggregate par value of \$1,100,000. A portion of the proceeds of the sale of those securities will provide the financing for back-up facilities in the expanded service area. In accordance with applicant's main extension rule, other facilities will be financed by subdividers' advances. Applicant states that any deficiency in construction funds will be covered by applicant's sole stockholder in the form of paid-in surplus or will be covered by proceeds of short-term notes.

Restriction on Expansion

A large portion of the additional certificated area requested by applicant apparently has no need for service in the near future. The present restriction on expansion outside of applicant's certificated areas, however, causes some delay, expense and inconvenience to applicant if it continually must file applications for small areas as the need arises. The Commission will be enabled to control expansion effectively as the utility must file in advance of any expansion in the new area under Section 1001 of the Public Utilities Code an advice with the Commission which will be checked carefully by the Hydraulic Branch and the Utilities Division. The Commission retains the power to halt any proposed expansion that appears not to be feasible under the conditions existing at the time of the proposal.

Applicant now has reasonable assurance of an adequate supply of water from El Toro Water District to serve all the property within that district's boundaries. Applicant's construction and operations in its present certificated areas seem to be progressing smoothly. Applicant has the financial ability to install those facilities not subject to construction advances. Under these circumstances,

it appears appropriate to grant applicant at this time a certificate covering only the portion of the requested area wherein development is imminent, that is, for approximately 490 acres, but, concurrently, to modify the present restriction on expansion to permit subsequent extensions into other areas within the El Toro Water District contiguous to applicant's water system. The order herein will so provide.

Findings and Conclusion

The Commission finds that:

1. Public convenience and necessity require the extension of applicant's water system to serve the area authorized herein.
2. Applicant's available water supply will not permit unlimited future expansion outside of the boundaries of El Toro Water District.
3. It is fair and reasonable for applicant to charge the same rates in the newly certificated areas as it charges in its present area.
4. Applicant has the financial ability and an adequate supply of water to extend its water system into the area authorized herein.
5. The proposed additions will require revisions of applicant's water system maps to bring them up-to-date.
6. A public hearing is not necessary.

The Commission concludes that the application should be granted to the extent, and under the conditions, set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to applicant, Rossmoor Water Company, authorizing it to construct extensions of its public utility water system in the vicinity of El Toro, Orange County, to serve that portion of the territory within the boundaries of El Toro Water District lying between the San Diego Freeway and the right-of-way of The Atchison, Topeka and Santa Fe

Railway Company, as the district boundaries, freeway and railroad right-of-way are delineated on Exhibit "B" to the application herein.

2. After the effective date of this order, applicant may extend service outside of its certificated areas provided (a) such extensions are to serve territory within the boundaries of El Toro Water District, (b) such extensions are into territory contiguous to applicant's then existing water system and not theretofore served by another public utility water system, and (c) applicant first complies with the tariff service area map filing requirements of Section I.E. of General Order No. 96-A.

3. After the effective date of this order, applicant is authorized to file revised tariff sheets, including tariff service area maps, to provide for the application of its present tariff schedules to the area certificated herein. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be four days after the date of filing.

4. Exercise by applicant of the authority granted by paragraph 3 of this order shall constitute acceptance by it of the right and obligation to furnish public utility water service within the area certificated herein. The authorities granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

5. Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within thirty days after each water system extension within the area certificated

herein is placed in operation, applicant shall file with the Commission two copies of the portion of the map covering the area certificated herein.

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

Dated at San Francisco, California, this 21<sup>st</sup> day of DECEMBER, 1965.

Fredrick B. Hallock  
President

Robert C. Truesdell

George L. Brewer

Augustin

William L. Deuel  
Commissioners