

Decision No. 70971**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of VALENCIA WATER COMPANY, a
corporation, for a Certificate of
Public Convenience and Necessity
authorizing Applicant to extend
an existing public utility water
system in Los Angeles County,
California, and for the authority
to issue additional stock.

Application No. 48136
(Filed December 17, 1965)
(Amended April 20, 1966)

O P I N I O N

Valencia Water Company, wholly owned subsidiary of The Newhall Land and Farming Company (Newhall Ranch), seeks authority to extend its water system to and seeks a certificate of public convenience and necessity to construct and operate a water system in approximately 2,350 acres south and east of its present area, which comprises approximately 1,450 acres situated three miles northwest of the City of Newhall, in unincorporated territory of Los Angeles County. The proposed area is delineated on the map, Exhibit K-1, of the amendment to the application. Authority is also sought to issue 6,890 shares of \$100 par value capital stock to Newhall Ranch, and to exercise the rights and privileges of the franchise granted by Ordinance No. 8983 of Los Angeles County.

California Land Company (Land Company) proposes to develop 300 acres within the next two years. Included in this area is Tract No. 25364 consisting of 844 lots on 271 acres; the first unit of this tract, located in the southeasterly corner of the requested area, will contain 12 houses and a park on 5.7 acres,

and the second unit will contain 86 houses on 17 acres. A golf course is located in the southwest corner of the requested area.

Exhibit No. 1, filed May 24, 1966, is a report on the results of an investigation of the application by a Commission staff engineer and a Commission staff accountant. It sets forth all details of the proposed water service installation, including sources of supply and financing. It shows that applicant, by Decision No. 69744, dated October 5, 1965, in Application No. 47250, was granted a certificate of public convenience and necessity to construct and operate a public utility water system; was authorized to issue not to exceed 11,000 shares of \$100 par value stock to purchase a water system from Newhall Ranch for \$171,145, to finance construction of additional water facilities, and to organize the utility; and was ordered to acquire title to either Well No. 71 or Well No. 157 owned by Newhall Ranch.

The \$689,000 of additional capital stock, all of which Newhall Ranch is committed to purchase, is for the purposes of construction of new plant, the purchase of existing facilities, and acquiring one-half interest in Well No. 160 owned by Newhall Ranch.

Exhibit No. 1 recommends that the application be granted.

No protests to the granting of the application have been filed, although all adjacent water purveyors received copies of the application.

We find that public hearing is not necessary; that there is an immediate public demand for water service by applicant in the area delineated on the map, Exhibit K-1, attached to the amendment to the application; that public convenience and necessity require that the applicant be granted the certificates applied for; and that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein, and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The application should and will be granted.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of value of applicant's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

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

1. 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.
2. The franchise involved herein shall never be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the grantee of the necessary publication and any other sum paid by it to the county therefor at the time of the acquisition thereof.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Valencia Water Company, a corporation, to construct and operate a public utility water system to serve the area delineated on Exhibit K-1 attached to the amendment to the application.

2. After the effective date of this order, applicant is authorized to file revised tariff sheets, including a tariff service map, to provide for the application of its present tariff schedules to the service 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.

3. Applicant is authorized to enter into the agreement attached to the amendment to the application as Exhibit N-1 to acquire a one-half interest in The Newhall Land and Farming Company Well No. 160.

4. Within ten days after the date service is first rendered to the public under the authority granted herein, applicant shall file written notice thereof to this Commission.

5. Applicant is authorized to issue at par, not to exceed 6,890 shares of its \$100 per share par value stock for the purposes set forth in the application and the amendment to the application.

6. Valencia Water Company shall file with the Commission monthly reports as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

7. A certificate of public convenience and necessity is granted to Valencia Water Company to exercise the rights and privileges conferred by the franchise granted by Ordinance No. 8983, adopted November

16, 1965, of the Board of Supervisors of the County of Los Angeles.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 19th
day of JULY, 1966.

President

George J. Thayer

Fredrick B. Hildebrand

Augustus

William B. Beard

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.