

ORIGINAL

Decision No. 76638

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of LAWRENCE R. VANONI, dba "COAST
SPRINGS WATER COMPANY" for a
certificate of public convenience
and necessity authorizing applicant
to furnish public utility water
service in certain portions of
Marin County, California.

Application No. 51110
(Filed May 27, 1969;
Amended October 17, 1969)

O P I N I O N

This application, filed on May 27, 1969 and amended on October 17, 1969 by Lawrence R. Vanoni, doing business as Coast Springs Water Company, serving 158 customers in the Dillon Beach area of Marin County, requests a certificate of public convenience and necessity authorizing an extension of facilities to serve a contiguous area. The requested area consists of a portion of Oceana-Marin Unit No. 3 and the Oceana-Marin Unit No. 4. These proposed areas contain 12 and 15 lots, respectively.

In response to the application the staff of the Commission made an investigation of the construction and operation of the system for which certification is sought. A report of said investigation has been filed and is hereby incorporated in the record as Exhibit No. 1.

It appears that the applicant is not affiliated with the developer. The amendment to the application shows that all facilities to be installed are to be contributed without the execution of a main extension contract and therefore applicant seeks a deviation from his main extension rule. The staff considers this

proposal to be reasonable because the utility has exceeded the limitation of expansion as set forth in applicant's filed Rule No. 15, Main Extensions, Section A.2.

A loss-reimbursement agreement has been arranged for Oceana-Marin Units Nos. 3 and 4 under which the developer will pay \$2,200 to applicant upon signing of the agreement with the additional provision that \$50 and \$200 will be paid to applicant upon the sale of each lot in Units Nos. 3 and 4, respectively. The agreement is proposed to be effective until 10 and 12 residential customers are being served in Units Nos. 3 and 4, respectively, or for 10 years. Unused loss-reimbursement funds will be refunded. The agreement will provide for funds to pay out-of-pocket costs and necessary replacement of facilities in excess of revenues received from customers. Out-of-pocket costs exclude depreciation accruals and return on investment.

The amendment to the application shows that part of the system addition will provide an additional source of water by exploiting a spring and an already existing million-gallon reservoir. The staff report estimates that this new supply will provide sufficient water to serve the additional residences in the new service area and to maintain an adequate supply for present and potential customers in the existing service area.

The terrain of the new development is such that there may be significant head losses between the property line and the logical building sites on several of the lots to be served. The Commission's General Order No. 103 requires only 25 psi pressure at the property line. Because of these peculiar terrain features the staff has recommended an additional requirement governing

pressures at the building sites. Since many automatic dishwashers and laundry machines require 40 psi for adequate operation this level of required pressure is recommended. Applicant's attorney by letter of December 1, 1969^{1/} has advised that the developer will install at its own expense a pressure pump adequate to meet this requirement.

Water from all sources will be treated and filtered.

The staff report further recommends that applicant be:

- (a) restricted from extending his water system facilities or providing water service to any premises outside his authorized service area without further showing before this Commission that adequate water supplies are available;
- (b) authorized to accept from the developer, Contributed Plant consisting of special and in-tract facilities at a total cost of \$18,230;
- (c) granted a certificate of public convenience and necessity to serve Lots Nos. 90 through 101 of Oceana-Marin Unit No. 3 and all lots in Oceana-Marin Unit No. 4.

Findings

We find that:

1. The proposed facilities as designed will conform to this Commission's General Order No. 103.
2. The staff-recommended building site pressure standard is reasonable.
3. The water supply will be adequate to serve present and prospective customers in the existing service area, as well as the prospective customers in the new units.

1/ Hereby incorporated in the record as Exhibit No. 2.

4. The proposed deviation from the provisions of applicant's tariff dealing with main extensions is reasonable and should be authorized.

5. The proposed method of financing the system additions will not adversely affect the utility's ability to render service to present and prospective customers and applicant should be authorized to enter into a contract with the provisions stated in ordering paragraph 5 hereof.

Conclusion

The application should be granted subject to the terms and conditions set forth in the order below. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Lawrence R. Vanoni, doing business as Coast Springs Water Company, to extend facilities to serve Lots numbered 90 through 101 of Oceana-Marin Unit No. 3 and all lots in Oceana-Marin Unit No. 4 as delineated on the map designated Exhibit A, attached to the amendment to the application.
2. Within ten days after service is first provided to the public under the authority granted herein, applicant shall file in this proceeding written notice thereof to this Commission.
3. Applicant is authorized to file after the effective date of this order a tariff service area map clearly indicating the boundaries of his present service area and Lots numbered 90 through 101 of Oceana-Marin Unit No. 3 and all lots in Oceana-Marin Unit

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No. 4 subdivisions. Such filing shall comply with General Order No. 96-A and shall become effective on the fourth day after the date of filing.

4. Applicant is authorized to accept from the developer of the requested area Contributed Plant consisting of special and in-tract facilities to a total cost of \$18,230.

5. Before exercising the authority granted in paragraph 1 hereof, applicant shall enter into a loss-reimbursement agreement with developer which shall provide that the developer of the Oceana-Marin Unit No. 3 and Oceana-Marin Unit No. 4 subdivisions will immediately pay applicant a lump sum of \$2,200 plus subsequent amounts of \$50 and \$200 per lot upon the sale or transfer by developer of Lots numbered 90 through 101 of Oceana-Marin Unit No. 3 and all lots of Oceana-Marin Unit No. 4, respectively. All funds paid to applicant by developer in accordance with provisions of this agreement shall be deposited in a separate interest-bearing account in a bank or savings and loan association. Such funds, together with interest earned thereon, shall be used only for the following purposes:

- (a) To pay out-of-pocket (cash) operating expenses and taxes in connection with operation of this portion of the utility's system excluding any management fees or payments to the proprietorship, to the extent that such operating expenses and taxes actually incurred exceed gross revenues.
- (b) Expenditures from the fund for replacement of facilities shall be made only after letter approval from this Commission.

Upon the eleventh anniversary of the initial deposit, any amount remaining in the special fund not utilized for the purposes set out above shall be refunded to the developer or paid to his designee. Applicant shall provide developer with a statement not later than

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March 31 of each year detailing the purpose, description and amount of all additions to and withdrawals from the fund during the prior calendar year, and the balance in the fund at the close of the year. A copy of this statement shall concurrently be filed with the Commission, attention of the Finance and Accounts Division. Two copies of this agreement shall be filed with the Commission concurrently with the filing of the tariff map required herein.

6. Applicant shall not extend his facilities or offer to provide service to be used outside his authorized service area without further authorization of this Commission.

7. If the authority granted herein is exercised, applicant shall design and construct facilities to furnish water service at a minimum of 40 psi at the building site of each lot to be served in the Oceana-Marin Unit No. 3 and Oceana-Marin Unit No. 4 subdivisions.

8. The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in proceedings for the purpose of determining just and reasonable rates.

9. After the effective date of this order, applicant is authorized to file revised tariff sheets to provide for the application of its present tariff schedules to the areas certificated herein. Such filing shall comply with General Order No. 96-A. The effective date of the revised

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tariff sheets shall be four days after the date of filing.

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

Dated at San Francisco, California, this 30th day of DECEMBER, 1969.

William J. ...
President

[Signature]

[Signature]

Vernon L. Sturgeon
Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.