

ORIGINAL

Decision No. 77671

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of Nacimiento Water Company for a )  
Certificate of Public Convenience )  
and Necessity to Extend a Public )  
Utility Water System near Paso )  
Robles in San Luis Obispo County. )

Application No. 52000  
(Filed June 26, 1970)

Adolph Moskovitz, for Nacimiento Water Company,  
applicant.  
Tedd F. Marvin and I. B. Nagao, for the Commis-  
sion staff.

O P I N I O N

This application, filed June 26, 1970, by Nacimiento Water Company, a California corporation, requests a certificate of public convenience and necessity to extend a public utility system at Lake Nacimiento near Paso Robles in San Luis Obispo County.

Public hearing was held before Examiner Porter at San Francisco on August 5, 1970, and the matter was submitted.

The Nacimiento Water Company is wholly owned by General Resource Development, a California corporation. General Resource Development, a party to the current application, is the successor to Bellwether Corporation, a party to Application No. 51254.

In Application No. 51254, Nacimiento Water Company was granted a certificate of public convenience and necessity authorizing it to construct and operate a public utility water system to serve San Luis Obispo County Tract No. 378, Oak Shores, and the noncontiguous area designated as the Cantinas campground. The present application seeks to extend the approved water system for Oak Shores Tract 378 (et al.) to include Oak Shores Tracts 379 and 380.

The staff of the Commission introduced as Exhibit No. 9 its Report of Investigation in Application No. 52000. The applicant accepted the report and recommendations except as to the staff recommendation that the effective date of the order in this proceeding shall be determined by supplemental order after receipt by this Commission of a satisfactory certification by applicant that: (1) it has received title to and placed in service the land, easements and rights-of-way, wells, pumping equipment, water treatment equipment, storage tanks and reservoirs, and transmission mains which are necessary to provide adequate water service to San Luis Obispo County Tract No. 378; (2) it has been assigned the contract for allotment from Lake Nacimiento which General Resource Development now has with San Luis Obispo County Flood Control and Water Conservation District; and (3) it has obtained a water supply permit issued by the San Luis Obispo County Health Department.

The applicant's position is that Nacimiento Water Company is wholly owned by General Resource Development, that General Resource Development is interested in developing the land involved, had it originally requested certification for all three tracts numbering them as one tract a certificate of public convenience and necessity would probably have been granted for the entire parcel of land, any transfers of title to land, facilities or contracts for water would be more orderly made when Nacimiento Water Company became an operative entity. The water supply permit issued by the Health Department must await the construction of the water system. The staff's concern is the lack of progress in developing of water facilities to serve Tract 378 as granted in Application No. 51254 of Decision No. 77062.

It is brought to the attention of the applicant that the Commission ordinarily certifies only that portion of a subdivision wherein facilities have been planned in detail and the construction scheduled to go forward as soon as the certificate decision has been issued. It is the applicant's responsibility to proceed in good faith to develop the water resources and services within a reasonable time after certification.

Based upon the evidence introduced, the Commission finds that public convenience and necessity require that the application be granted and concludes that it should be granted as set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Nacimiento Water Company subject to the conditions of this order authorizing it to construct and operate a public utility water system to serve San Luis Obispo County Tracts Nos. 379 and 380 as shown on Exhibits D and E to the application.
2. Applicant is authorized to apply its presently filed rates and tariff schedules for service provided to customers within Tracts Nos. 379 and 380.
3. Within ten days after the date service is first rendered to the public within Tracts Nos. 379 and 380 under the rates and rules authorized herein applicant shall submit written notice thereof to this Commission.

4. Applicant is authorized to file after the effective date of this order a tariff service area map clearly indicating the boundaries of its certificated areas. Such filing shall comply with General Order 96-A and shall become effective on the fourth day after the date of filing.

5. The authority to serve Tracts Nos. 379 and 380 granted herein shall expire unless the designated map is filed within one year after the effective date of this order.

6. Applicant shall enter into a loss reimbursement agreement in a form acceptable to the Commission which requires the developer to pay to applicant \$200 per lot upon the sale or transfer by the developer of lots in San Luis Obispo County Tracts Nos. 379 and 380 to pay out-of-pocket expenditures which exceed gross operating revenues. Such resultant fund is to be deposited in an interest-bearing special fund account of the utility separate from other cash accounts with a bank or savings and loan association; further, the fund with its earned interest, shall be used insofar as operating revenues are deficient, only for out-of-pocket operations, repairs, maintenance and replacement of facilities excluding any management fees or salaries paid to stockholders or affiliated developers. Expenditures from the fund for replacement of plant facilities may be made only after letter approval from this Commission.

7. Upon the twentieth 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 its designee. Applicant shall provide the developer with a statement not later than March 31st 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 service area map authorized in an ordering paragraph of this decision.

8. Applicant is authorized to deviate from Section A.2.a., Limitation of Expansion, of its filed main extension rule by extending service to San Luis Obispo County Tracts Nos. 379 and 380.

9. Applicant shall execute an agreement with the developer which provides that the developer agrees to convey the main extension contract authorized herein to the utility to be held alive as an investment with refunds being credited to the utility's capital surplus as they become due.

10. Beginning with the year 1970, applicant shall apply the individual plant account depreciation rates authorized by Decision No. 77062. Until review indicates otherwise, applicant shall continue to use these rates. Applicant shall review its future depreciation rates at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rates shall be determined by: (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of the plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of the plant. The results of each review shall be submitted promptly to the Commission and upon recognition by the Commission that the rates are acceptable, applicant shall use such revised rates in recording future depreciation accruals.

11. Applicant shall design and construct its facilities to furnish water service at a minimum of 40 psi at the building site of each customer to be served within the certificated service area.

12. Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order 103. Within thirty days after the water system is placed in operation in Tracts Nos. 379 and 380 under the authority granted herein, applicant shall file with the Commission two copies of the map.

13. Applicant shall conduct a 72-hour test for each of the three wells which were drilled in the bottom of Lake Nacimiento. These tests shall be conducted after the waters of Lake Nacimiento recede to the point that the wells are no longer covered with water. These tests shall be conducted so as to determine the production capacity of each well. Copies of each of these reports shall be submitted to the Commission.

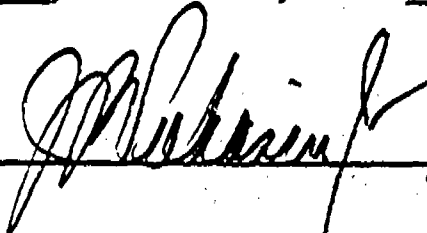
14. Applicant shall not extend its facilities or offer to provide service to be used outside its authorized service area without further authorization of this Commission.

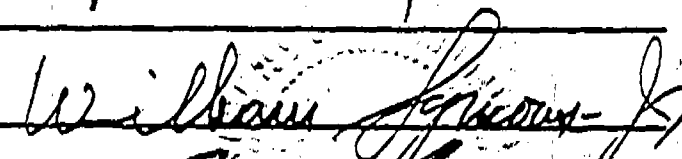
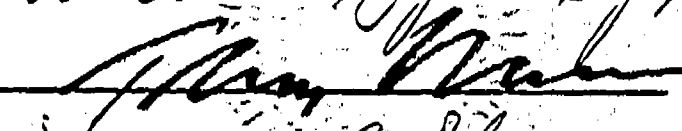
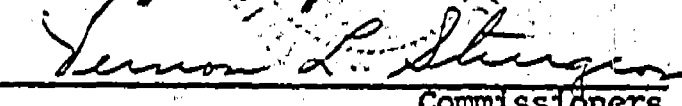
15. Lot No. 135 shall be considered to be a portion of Tract No. 378 and shall be included within the boundaries of applicant's service area.

16. Applicant must execute performance bonds with the County of San Luis Obispo for completion of the extension of the water system for Tracts 379 and 380 on or before the date of commencing service as a public utility water system for San Luis Obispo County Tracts Nos. 379 and 380.

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

Dated at San Francisco, California, this 27<sup>th</sup> day of AUGUST, 1970.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
Commissioners

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