

ORIGINAL

Decision No. 78922

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. 52584
(Filed April 27, 1971)

O P I N I O N

This application, filed April 27, 1971, by Nacimiento Water Company requests a certificate of public convenience and necessity to extend contiguously its public utility water system to serve Oak Shores, San Luis Obispo County Tract No. 381. The location of the Cantinas Campground, service to which was authorized by a previous decision, has been relocated uphill away from the reservoir. This utility requires specific Commission authority for a contiguous extension because ordering paragraphs of the two previous certificate decisions restrict the utility from expanding its service areas.

Tract No. 381 is bounded on the south by the Nacimiento lake shore and is adjacent to and east of Tracts Nos. 378 and 379. There are 353 residential lots ranging in size between 4,400 square feet and 31,000 square feet, together with 18 open space parcels. Elevations range between 800 feet and 1,106 feet above sea level. The terrain is rugged and the street grades are steep resulting in design and construction problems which can show up as pressure problems for the future. The preliminary engineering cost estimate as it appears on page 8 of the application shows 10 air relief valves and 100 pressure (reducing) regulators. These indicate the difficulties to be encountered in serving a subdivision laid out on hilly terrain with grades up to 70 percent.

The Cantinas Campground, which is to be operated by the subdivider, is proposed to be a temporary installation. Its function is

to provide an accommodation to a lot purchaser prior to the time his house is constructed. The campground is being reduced in size from 49.5 to 23 acres. In this application it is requested to relocate the campgrounds previously authorized 3,000 feet north of the original location to comply with public health requirements. The campground facilities are presently being constructed in the new location. Because this campground is planned as a temporary facility, the staff recommends that water service be supplied through a single meter and the water plant in the grounds required to serve the campsites be owned and maintained by the customer, General Resource Development. The subdivider has indicated approval of this proposal. This will enable applicant to cancel Schedule No. 2A applicable to the campgrounds.

Applicant's parent company, General Resource Development, has entered into a contract with the San Luis Obispo County Flood Control and Water Conservation District for 250 acre-feet of water annually, take or pay, for what amounts to be \$15 per acre-foot. This water is to be produced from applicant's wells located in the Nacimiento Lake. According to the Standards and Specifications of San Luis Obispo County, Department of Public Works, Section 11-351.1100, the addition of Tract No. 381 will require an additional allotment of 140 acre-feet of water on an annual basis. This standard assumes an average daily water requirement of 400 gallons per lot. The subdivider informed the staff engineer that a contract to provide this water would be consummated about the same time as the acceptance of the final subdivision map for Tract No. 381. The staff believes that the planned water supply is adequate to serve the requested area.

Application has been filed for a water supply permit. The permit will be issued by the County Health Department after it approves the operating water system.

There was no protest to the application.

The Commission finds that:

1. Public hearing is not necessary.
2. Based on the application and staff report filed, the Commission finds that public convenience and necessity require that the application be granted,

The Commission concludes that the application 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 extend a public utility water system to serve San Luis Obispo County Tract No. 381 as shown on Exhibits B and C to the application.
2. Applicant is authorized to change the location of the service area for Cantinas Campground to the location specified on page 5 of the application.
3. Applicant shall cancel Schedule No. 2A, Annual Flat Rate Service, applicable to Cantinas Campground and shall serve Cantinas Campground by a single meter under Schedule No. 1A without responsibility for facilities beyond the meter.
4. Applicant is authorized to apply its presently filed rates and tariff Schedules Nos. 1A and 5 for service provided to customers within Tract No. 381.
5. Within ten days after the date service is first rendered to the public within Tract No. 381 under the rates and rules authorized herein, applicant shall submit written notice thereof to this Commission.
6. Applicant shall file within ninety days 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 No. 96-A and shall become effective on the fourth day after the date of filing.

7. The authority to serve Tract No. 381 granted herein shall expire unless applicant has complied with all provisions of this order within three years after the effective date of this order.

8. 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 Tract No. 381 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.

9. 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 31 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.

10. 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 Tract No. 381.

11. 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 as an investment with refunds being credited to the utility's capital surplus as they become due.

12. 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.

13. Beginning with the year 1972, 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.

14. Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within ninety days after the water system is placed in operation in Tract No. 381 under the authority granted herein, applicant shall file with the Commission two copies of the map.

15. 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.

16. Applicant shall arrange with its parent corporation to post performance bonds with San Luis Obispo County to Guarantee the construction of water system facilities similar to the agreements and bonds posted in connection with the county's approval of subdivision final maps for Oak Shores Tracts Nos. 378 and 380. A copy of each

posted bond shall be filed with this Commission concurrently with the filing of the tariff map authorized in this order.

17. On January 1, 1977, applicant shall assume full responsibility for the water supply contract between General Resource Development and San Luis Obispo County Flood Control and Water Conservation District to serve Oak Shores Tracts Nos. 378, 379, 380 and 381. Pending completion of the water utility facilities and the other improvements in these tracts applicant shall assume a proportional share of the responsibility for payment of the contract in accordance with the following schedule:

<u>Year</u>	<u>Share</u>	<u>Year</u>	<u>Share</u>
1972 through 1974	10%	1976	50%
1975	25	1977	100

13. Applicant shall establish a program for the testing and maintaining pressure reducing and pressure relief valves installed in the utility's service pipes. Each device shall be tested at an interval of not more than two years and if found inefficient or defective shall be repaired or replaced. A summary report of tests and repairs of devices identified as to the lots served shall be filed with the Commission annually by March 31 of the following year.

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

Dated at San Francisco, California, this 13th
day of JULY, 1971.

William L. Stinson, Jr. Chairman
Vernon L. Stinson
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

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