

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of Application of McCanna Ranch Water Company, a California Corporation, to Modify Decision (D.) 99-08-016 and requiring a full Accounting of Compliance with D.99-08-016.

Application 07-04-002  
(Filed April 2, 2007)

**OPINION MODIFYING DECISION 99-08-016**

**Summary**

The Applicant, McCanna Ranch Water Company (McCanna Ranch), has filed its application seeking an order modifying Decision (D.) 99-08-016 to clarify that “build out” of the McCanna Ranch subdivision occurs when residential water service is provided to each of the 1,341 homes (instead of 1,356 homes) as the subdivision was finally sized.

The Commission having considered the application has determined that good cause exists for clarification that “build out” will occur when residential water service is provided to each of the 1,341 units of the McCanna Ranch Project.

The Commission having noted the delinquency of Applicant in filing tariffs, as ordered by D.99-08-016, adds the condition that the Applicant will include in its initial general rate case (GRC) filing a detailed accounting of compliance with the orders in D.99-08-016.

**Background**

D.99-08-016, dated August 5, 1999 granted a Certification of Public Convenience and Necessity (CPCN) to McCanna Ranch to construct a public utility water system to serve an unincorporated area in Riverside County, in or near Perris, California.

D.99-08-016 established rates and ordered that the rates “remain in until the proposed 1,356 unit project was built-out, or until the Applicant’s rate of return reaches or exceeds 12% whichever event occurs first”.

**Discussion**

In this application McCanna Ranch seeks modification of D.99-08-016, which is the decision granting its CPCN.

Included in the application is the Declaration of Louis R. Ochoa, Development Manager of McCanna Ranch, which details the circumstances that lead to the need for the changes to the development.

The City of Perris is the lead agency for California Environmental Quality Act (CEQA) review. McCanna Ranch has provided a copy of the specific plan amendment and complete documentation of approval by the City of Perris for each change that led to the reduction from 1,356 to 1,341 homes. City of Perris Resolution Number 3417, dated May 31, 2005 states that: “The City has complied with the California Environmental Quality Act.”

In compliance with Rule 16.4 of the Commission’s Rules of Practice and Procedure, which governs petitions for modification, McCanna Ranch proposes specific wording to modify D.99-08-016. The actual “build out was not known until more than a year after D.99-08-016 issued is self evident. McCanna Ranch has provided a service list and has certified service to all parties to the original application.

However, we have noted that McCanna Ranch did not file tariffs as ordered. Ordering Paragraph 6 of D.99-08-016 ordered McCanna Ranch to “initiate and work with the Advisory Branch of the Water Division to establish a complete tariff, including rules and forms for the water system” within 150 days, but the filing was not made until August 3, 2005 (approximately six years later). The GRC will be the place to examine compliance issues more closely. To facilitate this we order McCanna Ranch to submit a complete accounting of its compliance with D.99-08-016 with its initial GRC filing.

### **Categorization and Need for Hearing**

On April 12, 2007, Resolution ALJ 176-3190 categorized the application as ratesetting and determined that no hearing was necessary. There were no protests to the application. Based on the record, we affirm that this is a ratesetting proceeding, and that a hearing is not necessary.

### **Comments on Draft Decision**

Public Utilities Code § 311(g) (3), which does not require a comment period for uncontested matters that pertain solely to water corporations, applies to the proposed decision. No comment period will be required.

### **Assignment of Proceeding**

Rami Kahlon is the assigned examiner in this proceeding.

### **Findings of Fact**

1. No hearing of this Application is required.
2. The City of Perris is the lead agency for California Environmental Quality Act purposes.
3. The City of Perris approved all changes that resulted in “build out” being reduced from 1,356 to 1,341 homes.
4. The City of Perris has complied with the California Environmental Quality Act.

5. McCanna Ranch Water Company was delinquent in filing tariffs as required by Decision 99-08-016.

### **Conclusions of Law**

1. The Application complies with the requirements of Rule 16.4 of the Commission's Rules of Practice and Procedure.
2. The City of Perris as the lead agency has approved all changes to the original Environmental Impact Report (EIR), including all changes that resulted in "build out" being reduced from 1,356 to 1,341 homes. No subsequent EIR or supplemental EIR is required.
3. The uncontested Application is reasonable and should be granted, subject to the conditions enumerated in the body of this decision and in the ordering paragraphs.

## **ORDER**

**IT IS ORDERED** that:

1. Finding of Fact No. 1 of Decision 99-08-016 is hereby modified to read as follows:

1. Applicant, a California Corporation, was organized and qualified by Barratt American Incorporated, a Delaware Corporation, 5950 Priestly Drive, Carlsbad, California 92008 (a California subdivision developer) to be a wholly owned subsidiary of Barratt American Incorporated for the purpose of obtaining from this Commission a Certificate of Public Convenience and Necessity to construct and operate a public utility water system to provide water service to the 1,341 home subdivision Barratt American Incorporated is now building on the McCanna Ranch owned by Barratt American Incorporated near the City of Perris in Riverside County.

2. Conclusion of Law No. 16 of Decision 99-08-016 is hereby modified to read as follows:

16. The “levelized” rates proposed and memorialized by Table VII-2 in Appendix D of Exhibit 2 in this proceeding, being just, reasonable, and non-discriminatory, are set forth in Appendix B to the order that follows, and Applicant should be authorized to file them with these levelized rates thereafter to remain in effect until the proposed 1,341 unit project is built-out, or until the Applicant’s rate of return reaches or exceeds 12% whichever event first occurs.

3. The Conclusions of Law of Decision 99-08-016 is hereby modified to add Conclusion of Law No. 19 to read as follows:

19. Build out or built-out occurs when 1,341 homes have been built, with residential water service provided to each of the 1,341 homes.

4. Ordering Paragraph No. 10 of Decision 99-08-016 is hereby modified to read as follows:

10. The schedule of rates and charges authorized by Ordering Paragraph 2 of this order shall remain in effect for the entire build-out period of this 1,341 unit project, or until the Applicant has achieved a rate of return on rate base of 12% or higher. In the latter event, Applicant shall within 90 days file with the Commission a general rate application.

5. McCanna Ranch Water Company (Applicant) shall within 90 days of the occurrence of “build out” file with the Commission a general rate application.

6. Applicant’s general rate case filing shall include a detailed description of its compliance with each of the first twelve ordering paragraphs of Decision 99-08-016.

7. Application 07-04-002 is closed.

This order is effective today.

Dated \_\_\_\_\_, 2007 at San Francisco, California.