

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CATHEDRAL CITY WATER COMPANY, a cor-
poration, for a certificate of public
convenience and necessity permitting
the establishment of applicant as a
public utility water company on the
east half of section 33, township 4
south, range 5 east S.B.M., County of
Riverside, State of California, and
for the issuance of stock to the in-
corporators.

ORIGINAL

Application No. 12968

LeRoy M. Edwards,
by O. C. Sattinger, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter Cathedral City Water Company asks the Railroad Commission for a certificate of public convenience and necessity and for permission to issue stock.

A public hearing in the matter was held before Examiner Williams in Palm Springs, but no one appeared in protest to the granting of the company's requests.

The record shows that Cathedral City Water Company was organized on or about April 26, 1926, for the purpose, primarily, of engaging in business as a public utility water company in that portion of Riverside County, known as Cathedral City and located in the following region:-

The east half (E½) of section thirty-three(33) township four (4) south, range five(5) east, S.B.B. & M., County of Riverside, State of California.

It appears that this district is now being subdivided by Cathedral City Development Company and that the stockholders of that company have caused the organization of applicant to operate

as a public utility water company for the reason that it is necessary to furnish water to the purchasers of lots and there appears to be no other water company in or near the vicinity of the property from which water could be purchased.

The application shows that applicant's incorporators, M. V. Van Fleet, John J. Grove, George G. Allen and G.V. Plumley, heretofore have developed certain water on the property and have laid approximately 1500 feet of four inch water mains and approximately two miles of two inch lateral water mains. One well has been sunk, which is capable of producing twenty miners' inches of water, and a pump system has been installed consisting of a gasoline motor and a Wesco and Chippewa pressure system. The amount of money actually expended by the incorporators to date is reported at \$11,584.77, as shown in some detail in Exhibit "2".

It is now proposed to transfer the water system to applicant, free and clear of all indebtedness, for \$10,000. of stock, and to distribute such stock equally among the four incorporators. In this connection it is recited, in the application, that it is the intention and purpose of such persons to retain the ownership of the stock and not to part with it to the general public. In fact, it was stipulated at the hearing that if the issue of the \$10,000. of stock is authorized, as requested, no sales will be made to the public by the incorporators without supplementary permission from the Commission.

Upon acquiring the properties applicant proposes to charge the following rates:-

Monthly minimum of 400 cubic feet or less . . .	\$.1.25
From 400 to 1000 cubic feet per 100 cubic feet	.25
From 1000 to 5000 cubic feet per 100 cubic feet	.20
All in excess of 5000 cubic feet, per 100 cubic feet15

At present the system has about ten consumers. At the rates proposed, the return in all probability will not take care of the operating costs at the outset. However, applicant is undertaking

the business to aid in the sale of real estate and it has stated that it expects to sustain losses pending full development of the tract.

It appears to us that public convenience and necessity will be served by the granting of this application and a favorable order accordingly will be entered.

O R D E R

Cathedral City Water Company having made application to the Railroad Commission for a certificate of public convenience and necessity and for an order authorizing the issue of \$10,000. of stock, a public hearing having been held, and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of the stock is reasonably required for the purpose specified herein and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expense or to income;

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that present and future public convenience and necessity require and will require that Cathedral City Water Company, a corporation, acquire and operate a water system for the purpose of supplying water for domestic purposes in the following district:-

The east half (E½) of section thirty-three(33), township four (4) south, range five(5) east, S.B.E. & M. County of Riverside, State of California.

IT IS HEREBY ORDERED that Cathedral City Water Company be, and it hereby is, directed to file with the Railroad Commission of the State of California, within twenty days from the date of this order, the following schedule of rates to be charged for all service ren-

dered subsequent to August 31, 1925:-

Monthly minimum of 400 cubic feet or less	\$1.25
From 400 to 1000 cubic feet per 100 cubic feet	.25
From 1000 to 5000 cubic feet per 100 cubic feet	.20
All in excess of 5000 cubic feet, per 100 cubic feet15

IT IS HEREBY FURTHER ORDERED that Cathedral City Water Company be, and it hereby is, directed to file with the Railroad Commission within thirty days from the date of this order, rules and regulations governing the distribution of water to consumers, such rules and regulations to become effective upon their acceptance by this Commission.

IT IS HEREBY FURTHER ORDERED that Cathedral City Water Company, be, and it hereby is, authorized to issue at not less than par, on or before December 31, 1926, not exceeding \$10,000. of its common capital stock in full payment for the water system and properties described in Exhibit No. 2, filed in this proceeding and referred to in the foregoing opinion, said stock to be issued to the following named persons and in the following amounts:-

<u>Name</u>	<u>Number of shares</u>	<u>Amount</u>
M. V. Van Fleet	25	\$2,500.00
John J. Grove	25	2,500.00
George G. Allen	25	2,500.00
G. V. Plumley	25	2,500.00

The authority herein granted is subject to the following conditions:-

1. Cathedral City Water Company shall file with this Commission a certified copy of the deed under which it acquires and holds title to the water system and properties to be acquired through the issue of the stock herein authorized, such certified copy to be filed within thirty days after execution.
2. None of the purchasers of the stock herein authorized to be issued, may sell or hypothecate the same, except to one or more of the incorporators of applicant, without

permission from the Commission.

3. Applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file within thirty days after such issue a verified report, as required by this Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
4. The authority herein granted shall become effective twenty days after the date hereof.

DATED at San Francisco, California, this 27th day
of August, 1926.

H. B. Hendrix

Chas. H. H. H.

Thos S Rowlett

Commissioners.