

ORIGINAL

Decision No. 25459

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of IDYLLWILD, INC., a corporation, for authority to increase rates.

Application No. 18151.

In the Matter of the Application of IDYLLWILD WATER COMPANY, a corporation, for authority to carry on water company business.

Application No. 18323.

Loyd Wright and Herschel B. Green,
by Herschel B. Green, for Applicants.

C.L. McFarland, for J.A. Hastings
and H.E. Spaulding.

BY THE COMMISSION:

O P I N I O N

In Application No. 18151, Idyllwild, Inc., a corporation engaged, among other things, in the business of selling and distributing water for domestic and irrigation purposes throughout a subdivision known as Idyllwild and comprising approximately eight hundred (800) acres of land located in the San Jacinto Mountains in the County of Riverside, asks the Railroad Commission to establish a meter rate for water service.

In Application No. 18323, Idyllwild Water Company, a corporation, asks for permission to acquire and operate the properties heretofore and now being used by Idyllwild, Inc., in distributing water to its consumers and, in exchange therefor, asks

authority to issue five hundred (500) shares of no par value capital stock.

A public hearing in these matters was held before Examiner Kennedy at Hemet.

These proceedings were combined for hearing and decision by stipulation of all interested parties.

Idyllwild, Inc., has been and is now engaged in the subdivision and sale of tracts of land in the San Jacinto Mountains and in conjunction therewith is also engaged in the public utility water business. On April 12, 1922, this Commission, in Decision No. 10301, established the following effective schedule of rates:

	From May 1st to October 31st	From Nov. 1st to April 30th
Residence-----	\$1.50	\$1.00
Bath tubs or shower-----	.25	.25
Toilets-----	.25	.25
Hotels:		
Rooms without running water-----	.10)	
Rooms with running water-----	.25)	
Bath tubs or shower bath-----	.50)	
Toilets-----	.50)	5.00
Urinals-----	.35)	
Dining rooms, for each unit of seat- ing capacity-----	.15)	
Stores, shops, pool halls, etc.-----	1.50	1.00
Public garage, with not over six auto- mobiles-----	2.50)	
For each automobile over six-----	.25)	1.00
Soda Fountain, either alone or in con- nection with other business-----	2.50	2.50 *
For each horse or cow-----	.15	.15
For each sheep, goat or pig-----	.05	.05
Barber shop, for each chair-----	.50	.50 *
Photograph Galleries-----	2.00	2.00 *

* For each month of use only.

o o o

The principal water supply is obtained by diversion from

Strawberry and Lily Creeks, although there are also two wells used to augment the supply when required. The active consumers vary throughout the year, there having been thirty-one in February and one hundred eighty-three during the month of July, 1932.

In addition to its public utility water business, Idyllwild, Inc., is engaged in divers other activities and, in order to separate its public utility business from its other affairs, the Idyllwild Water Company has been organized.

A report was presented by W.E. Bryant, superintendent of Idyllwild, Inc., showing the estimated cost of the water plant, and one was submitted by F.E. Van Hoesen, one of the Commission's hydraulic engineers, covering an appraisalment of the company's properties based upon the historical cost, together with a study of the operating costs and revenues. The following is a brief summary thereof.

	<u>Bryant</u>	<u>Van Hoesen</u>
Estimated cost-----	\$24,411.90	\$33,573
Water rights, 20 miner's inches-----	20,000.00	-
Annual Depreciation - 5% Sinking Fund-----	-	619
Expenses - 1930-----	-	1,484
Expenses - 1931-----	-	1,361
Expenses - future, estimated-----	-	1,730
Revenue from books of company - 1931-----	-	2,131
Revenue from books - Jan. 1 to Aug. 1, 1932	-	2,037

oOo

Although, as a matter of custom, applicant has made rather extravagant claims for water rights, it has not requested a rate which would give a full return upon the fair value of its investment devoted to the public use. Therefore, in so far as the fixing of rates is concerned, there is no necessity to determine such value. As to the rates, the request of applicant is for the establishment

of a method of charging for service that will properly apply to the summer resort character of demand. The existing rate structure is based upon a monthly payment for water service which does not yield sufficient funds to reimburse the utility for the expenditures necessary to provide service throughout the entire year for those many patrons who require water for week-ends and holidays outside of the regular resort season. There was no serious objection entered against the establishment of a reasonable annual charge for water service and the rate fixed herein will provide a sufficient quantity of water under measured rates to provide amply for the normal requirements of those consumers who use water only during the regular season and will give at the same time an adequate supply to those users who require occasional service at various times throughout the entire year.

In considering the request for an order authorizing the issue of stock, we do not believe that sufficient showing was made to enable us to accept the twenty-thousand-dollar (\$20,000) value assigned by applicants for water rights as a proper basis for such an order. Upon the record herein it appears to us that the amount of stock to be authorized should be predicated principally upon the estimated cost of the physical properties to be acquired by Idyllwild Water Company. Upon the condition that it acquires the properties free and clear of all indebtedness and of all liens, it may issue not exceeding three hundred (300) shares of common capital stock in payment for such properties.

The properties of Idyllwild, Inc., are subject to the lien of a trust indenture, dated December 1, 1924, securing the payment of an issue of first mortgage seven and one-half per cent

serial bonds, of which eighty-thousand dollars (\$80,000) face value were reported outstanding at the close of 1931. The authority now granted in this decision permitting the transfer of properties and the issue of stock will be subject to the condition that such properties be transferred by Idyllwild, Inc., to Idyllwild Water Company free and clear of all liens, encumbrances and indebtedness.

O R D E R

Idyllwild, Inc., a corporation, and Idyllwild Water Company, a corporation, having made application to the Railroad Commission as entitled above, a public hearing having been held thereon, the matters having been duly submitted and the Commission being now fully advised in the premises and being of the opinion that the applications should be granted only as herein provided, that the money, property or labor to be procured or paid for by the issue of three hundred (300) shares of stock at one hundred dollars (\$100) a share are reasonably required by Idyllwild Water Company for the purpose specified herein and that such purpose is not in whole or in part reasonably chargeable to operating expense or to income, and

Basing this Order upon the foregoing findings of fact and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Idyllwild Water Company, a corporation, be and it is hereby authorized to file with this Commission, within twenty (20) days from the date of this Order, the following schedule of rates to be charged for all service rendered to its consumers in and in the vicinity of Idyllwild, Riverside County, subsequent to the thirty-first day of December, 1931:

FLAT RATES

Annual Flat Rate Schedule Payable on January 1

Residences, boarding houses, apartments, etc., of six rooms or less-----	\$12.00
Stores, shops or offices-----	12.00
Laundries-----	24.00
Restaurants and eating houses-----	18.00
Auto Courts or Camps:	
For each apartment or room with running water-----	3.00
For each public toilet-----	3.00
For each public bath tub or shower-----	3.00
Service Stations-----	18.00
Garages-----	18.00
Construction Use:	
For each 100 cubic feet mass concrete, including wetting-----	.50
For each 100 cubic feet, stone work, including wetting---	.40
For each 100 square yards, plaster, including wetting----	.50
For each sack of cement or barrel of lime for other purposes-----	.15
For settling each 100 lineal feet of pipe or sewer ditch-----	.50

ANNUAL METERED RATES

Annual Minimum Charges Payable on January 1

5/8 x 3/4-inch meter-----	\$12.00
3/4-inch meter-----	15.00
1-inch meter-----	18.00
1 1/2-inch meter-----	24.00
2-inch meter-----	36.00

Each of the foregoing annual minimum charges will entitle the consumer to the quantity of water which that minimum annual charge will purchase at the following quantity rates:

Annual Quantity Rates:

0 to 3,600 cubic feet, per 100 cubic feet-----	\$0.33-1/3
Next 1,400 cubic feet, per 100 cubic feet-----	.20
Next 5,000 cubic feet, per 100 cubic feet-----	.15
All over 10,000 cubic feet, per 100 cubic feet-----	.10

Meters will be read on the 1st of January, April, July and October and a statement rendered each consumer within ten (10) days of said date, showing the meter readings and a statement of the balance, if any, due under the annual minimum charge, or bill for excess water over the annual minimum allowance in cases where this quantity has been exceeded.

oOo

IT IS HEREBY FURTHER ORDERED that Idyllwild, Inc., or

Idyllwild Water Company, be and it is hereby directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, revised rules and regulations governing the distribution of water to its consumers, said rules and regulations to become effective upon their acceptance for filing by this Commission.

IT IS HEREBY FURTHER ORDERED that Idyllwild, Inc., be and it is hereby authorized to transfer to Idyllwild Water Company, free and clear of all liens, encumbrances and other indebtedness, the properties described in Application No. 18323 and in exhibits filed therein and referred to in the foregoing Opinion, and Idyllwild Water Company be and it is hereby authorized to acquire said properties, free and clear of all liens, encumbrances and other indebtedness, and in full payment therefor to issue not exceeding three hundred (300) shares of its no par value common stock at one hundred dollars (\$100) a share.

The authority herein granted is subject to the following conditions:

1. Idyllwild Water Company shall keep such record of the issue of the stock herein authorized as will enable it to file within thirty (30) days thereafter a verified report as required by the Railroad Commission's General Order No. 24, which order in so far as applicable is made a part of this Order.
2. Idyllwild Water Company, within thirty (30) days after the transfer of the properties as herein authorized, shall file with the Commission (1) a certified copy of the deed or deeds of conveyance by which it receives title to such properties, and (2) a certified statement setting forth the exact date upon which it acquired control and possession of the properties.
3. The consideration for the transfer of the properties herein authorized shall not hereafter be urged before this Commission or any other public body as a finding of value for rate-fixing or any purpose other than the transfer herein authorized.

4. Except as may be otherwise specified herein, the effective date of this Order shall be twenty (20) days from and after the date hereof. Under the authority granted no properties shall be transferred nor stock issued after February 28, 1933.

IT IS HEREBY FURTHER ORDERED that Application No. 18323, in so far as it involves the issue of the remaining two hundred (200) shares of stock, be and it is hereby denied without prejudice.

Dated at San Francisco, California, this 19th day of December, 1932.

W. J. Conroy
Leon A. ...
W. J. Conroy
M. B. ...
James G. ...
Commissioners.