

Decision No. 32766

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
GARDENS LAND AND WATER COMPANY,
a corporation, for a Certificate of
Public Convenience and Necessity of
an order authorizing the operation
of a water system in unincorporated
territory in San Bernardino County,
California.

Application No: 22990

ORIGINAL

Surr & Hellyer, by John B. Surr, for applicant.

Francis Cuttle, for Riverside Water Company.

Fred L. Hamblin, for Board of Public Utilities
of the City of Riverside.

Geo. S. Ralston, C. C. Kenney,
Cordia E. Burken and, W. H. Love, Consumers.

BY THE COMMISSION:

O P I N I O N

Gardens Land and Water Company, a corporation, asks the Railroad Commission to grant it a certificate of public convenience and necessity to operate a public utility water system for the purpose of supplying water for domestic and other purposes in Cottage Gardens, being Tract No. 2345, Cottage Gardens No. 2, being Tract No. 2522, and certain other contiguous areas in the unincorporated territory of San Bernardino County east of and adjacent to the easterly limits of the City of San Bernardino. Applicant also submits a schedule of charges for water service for the Commission's approval.

A public hearing in this matter was held before Examiner

Cameron at San Bernardino.

The evidence shows that water service in Cottage Gardens, Tract No. 2345, consisting of 204 lots, was commenced in 1928 when Subdivision Realty Company of Los Angeles placed the project on the market, installed a water system, and for a time furnished water free to purchasers of lots. Subdivision Realty Company later defaulted in the payments on the purchase price owing to W. D. Fisk under a trust agreement dated March 14, 1928, and the unsold acreage, including the water system, was conveyed to Pioneer Title Insurance and Trust Company of San Bernardino, which, in 1930, assigned the then unsold lots and the water system to J. J. Hinds, who took charge of and operated the water plant until 1937. In July, 1936, Tract No. 2522 consisting of 46 lots was subdivided and the above-mentioned water system was extended to serve these lots. In November of 1937, J. J. Hinds assigned all of his interest in the water system to applicant, Gardens Land and Water Company. As full payment for the balance due on the water system assigned to J. J. Hinds in 1930, Pioneer Title Insurance and Trust Company received 200 shares of applicant's capital stock, which shares have no par value and are the only ones outstanding of the 1,000 shares provided for in its Articles of Incorporation.

The water supply is obtained from two artesian wells situate on Lots 1 and 17 of Tract No. 2345, each well being equipped with a 15 H.P. electric motor directly connected to a deep-well turbine pump. The well on Lot 1 is 650 feet deep and encased for its full depth with 10-inch No. 12 gauge steel casing. The well on Lot 17 is encased for its full depth of 750 feet with 12-inch No. 10 gauge steel casing. At times, artesian pressure is sufficient to cause both wells to flow and they are tightly capped with concrete blocks

to which the pump bases are sealed and bolted. The 10-inch well is used principally as a standby unit, since the capacity of the 12-inch well is sufficient to meet the consumers' present water requirements. The only storage units are two pressure tanks on Lot 17, having a capacity of 750 gallons and 3,350 gallons, respectively, totaling 4,100 gallons. Pressure is maintained automatically between about 15 and 34 pounds per square inch. The distribution system consists of approximately 4,600 feet of 5-1/2-inch O.D. boiler tubing, 1,650 feet of reconditioned 4-inch O.D. casing, 1,130 feet of 3-inch boiler tubing, and 5,400 feet of 2-inch standard black pipe. There are at present 139 consumers being served in the two tracts.

Applicant has no immediate demand for extension of its water facilities beyond the said tracts, No. 2345 and No. 2522, although a certificate is sought to cover a considerable amount of adjacent territory. The Cooley Tract and Brookside Gardens are excluded from the service area since water is supplied therein by another water works. Applicant does not intend to serve immediately that unsubdivided area lying westerly of Cottage Gardens Tract No. 2345, north of Third Street, east of Waterman Avenue, and south of Sixth Street, within which area the City of Riverside owns certain lands and both the City of Riverside, a municipality, and Riverside Water Company, a corporation, are the owners of certain water rights. The evidence does not establish a public necessity at this time to furnish water in any territory other than Cottage Gardens, designated Tract No. 2345, Cottage Gardens No. 2, designated Tract No. 2522, and the narrow strip of unsubdivided land bounded by Sixth Street, Whitlock Avenue, Third Street, and the easterly boundary of said Tract No. 2522, which lands can be

subdivided into approximately 55 lots having an area equal to the lots now served.

At the hearing held in this proceeding four consumers protested against the granting of a certificate of public convenience and necessity upon the grounds that the Subdivision Realty Company had agreed to give them free water service for a period of two years and had failed to do so; that the rates now charged by applicant are too high and the proposed schedule still higher. The above protestants withdrew their opposition to the certificate but still demanded lower rates.

The City of Riverside and Riverside Water Company entered protests against any proposed acts on the part of applicant in the withdrawal of waters from underground sources which would interfere with or diminish their purported rights to underground waters on certain lands adjacent to the properties upon which applicant's wells are located. While present water operations apparently have caused no material interference with nearby water-well production and yields it should be understood that any future difficulties from such operations are more properly subject to action in the civil courts and, in general, would not be within the jurisdiction of this Commission.

The Board of Supervisors of the County of San Bernardino does not require any authority other than a written permit from the County Highway Department to lay and maintain pipelines in the public roads, streets, highways and alleys. No public utility or any other water service is available in the territory embraced within any of the proposed service area of this system.

Under existing conditions the record indicates that applicant should be authorized to supply a public utility water service

in that specific territory described as Tract No. 2345 and Tract No. 2522 and in those certain above-mentioned adjoining unsubdivided properties more particularly set forth in the following Order.

A report was submitted by E. L. Clark, one of the Commission's hydraulic engineers, covering an investigation of the water system and its operations. This report sets forth the estimated original cost of the used and useful physical properties at \$14,055, as of October 12, 1939, the revenue for the twelve months' period ending July 31, 1939, \$2,134; and that the normal annual operation and maintenance expenses based on past operations of the system amount to \$2,210, including \$210 depreciation computed by the sinking fund method at 5%. The results of operation based upon the gross revenue of \$2,134 and the revised operating expenses given above indicate a deficit under existing conditions. It is apparent, therefore, that some adjustment in rates is reasonable at this time. The schedule of charges proposed by applicant appears to conform in general with the rates of similar utility service in this section of the country where operating conditions are approximately the same and, therefore, will be authorized in the following Order:

O R D E R

Application as entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation of a water system by Gardens Land and Water Company, a corporation, in those certain subdivisions of land more particularly described as Cottage Gardens, Tract No. 2345, as per map recorded in Book 33, page 52, of Maps, and Cottage Gardens No. 2, Tract No. 2522, as per

map recorded in Book 36, page 31, of Maps, records of San Bernardino County, California, and in that certain area lying easterly of the easterly limits of said Tract No. 2522 and westerly of Whitlock Avenue between Third and Sixth Streets and situate easterly of the City of San Bernardino, and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Gardens Land and Water Company, a corporation, to operate a public utility for the sale and distribution of water within the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED that said Gardens Land and Water Company, a corporation, be and it is hereby directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water service rendered subsequent to the 31st day of January, 1940:

FLAT RATES

	<u>Rate per Month</u>
1. One-family residence on one lot.....	\$1.50
2. Each additional house on same lot.....	1.00
3. Vacant lot on separate service.....	1.00
4. Each additional vacant lot served from either house, lot service or vacant lot service.....	.50
5. Swimming pools.....	\$2.00 to \$10.00

Lots considered average or standard size in these subdivided areas. Larger parcels shall be charged in proportion.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days from and after the date of this Order said Gardens Land and Water Company, a corporation, be and it is hereby directed to submit to this Commission for its approval rules and regulations governing relations with its consumers.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at Los Angeles, California, this 31st day of January, 1940.

Ray L. Craig
Frank H. Volney
Ray B. Wainwright
Justin J. Bauer
COMMISSIONERS