

Decision No. 38271

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern Finance Service, a California corporation, doing business under the fictitious name of Palm Village Water Company, for permission to operate a Public Utility.

ORIGINAL

Application No. 23195.

L. J. Coughlin and Edward J. Soehnel,  
for Applicant.

Wallace P. Rouse and R. H. Nicholson,  
for San Gabriel Valley Water Service.

CRAEMER, COMMISSIONER:

O P I N I O N

In the above entitled proceeding as amended, Southern Finance Service, a California corporation, operating a water system under the fictitious firm name and style of Palm Village Water Company, asks the Railroad Commission for a certificate of public convenience and necessity to furnish water service in an area comprising some 320 acres, situated about half way between Indio and Palm Springs and also in a tract of land containing 86 acres located adjacent to the westerly corporate limits of the City of Indio in Riverside County. The Commission also is asked to establish rates.

A public hearing in this matter was held at Palm Springs in Riverside County.

The two parcels of land involved in this proceeding were a part of the H.P. Gillett Ranch and were devoted to intensive cultivation of dates and citrus fruits. The parcels were acquired

by Wm. A. Johnson, who immediately thereafter caused to be formed the Southern Finance Service, a corporation, organized for the purposes, among other things, of subdividing these lands and selling lots and small tracts to the general public. Seventeen acres of the 320-acre tract, now designated as Unit No. 1, have been subdivided and in the smaller parcel containing 86 acres, known as Unit No. 2, 5-1/2 acres thereof have been subdivided and placed upon the market. At the present time in the two units seven homes are under construction. The water supply for these units is obtained from deep wells, formerly devoted to agricultural irrigation purposes. The water is of good quality and apparently abundant for the needs of this development. Testimony indicates that whenever necessary additional supplies can be obtained easily from the water bearing gravels underlying these tracts.

In Unit No. 1 water is stored in an open 270,000-gallon reservoir and in a 22,000-gallon concrete tank. Pressure is maintained by means of an automatic pressure tank which delivers water to mains ranging from 3" to 10" in diameter. There is a separate system of 12" concrete pipe which has been installed for agricultural irrigation purposes and will be made available to the lot purchasers upon demand.

Unit No. 2 at present is supplied through a well heretofore used for irrigation purposes and now owned by Johnson, Inc., a corporation solely controlled by said Wm. A. Johnson for the conduct of certain of his private business enterprises, the water being supplied under a lease agreement for which applicant pays 15% of the revenues now collected as the purchase price of water used. This water is stored in a 6,500-gallon elevated storage tank from which it flows by gravity through a 6-inch distribution pipe to points of delivery. The lease arrangement is temporary only and will

be continued in effect only until applicant has been enabled to install necessary connections to another well to be owned by the utility and used for the permanent water supply. This well will thereupon become and continue to be a part of the Palm Village Water Company's properties. The distribution mains are 4" and 6" in diameter. It is to be understood that applicant will be required to own and maintain its own water production and distribution facilities and shall take immediate steps to this end, eliminating within six months from the date of this Order the present method of purchasing water, through lease arrangements or other agreements, from sources not owned or controlled by the new utility.

L. J. Coughlin, an engineer representing applicant, filed as Exhibit No. 3 a detailed valuation of the water works properties supplying Unit No. 1, setting forth the estimated historical cost thereof at \$29,238, as of March 1, 1940. His testimony presented at the hearing was to the effect that the estimated historical cost of the water system supplying Unit No. 2 was \$1,850, as of March 28, 1940.

Protest was made in behalf of San Gabriel Valley Water Service which operates a public utility water system supplying water throughout the City of Indio, requesting refusal of the certificate to the applicant to supply water to Unit No. 2, upon the grounds that this protestant has a purported constitutional franchise empowering it to sell and deliver water throughout territory which includes said Unit No. 2 and that it now stands ready and willing at all times to supply water throughout said area in accordance with its rates, rules and regulations. The 86-acre tract, known as Unit No. 2, lies adjacent to and westerly of the City limits of Indio. From the record, however, it appears that heretofore considerable negotiations had taken place between the owners of the property and San Gabriel Valley

Water Service, looking toward the extension of water service throughout this tract by this utility. The owner of the tract claimed that the demands of the protesting utility were exorbitant and wholly unreasonable and that arrangements satisfactory to both parties could not be agreed upon, with the result that applicant has decided to install and operate his own facilities to provide water throughout the project. There appears to be no good and sufficient reason for denying to Mr. Johnson in this proceeding the right to supply his own property with water service through his new corporation as hereinafter provided.

Southern Finance Service submitted a schedule of rates which it desires to charge. In general the rates as presented appear to be just and reasonable under the present operating conditions in these two tracts, excepting, however, that the proposed system of discounts under certain conditions for cash payments of water bills is non-uniform and unnecessarily complicated and does not appear to be advisable under present and proposed operating practices and will not therefore be approved.

A review of the record of this proceeding clearly shows that public convenience and necessity require that applicant be authorized to construct and operate water works in the territories requested.

The following form of order is recommended.

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 or systems by Southern Finance Service, a corpor-

ation doing business under the fictitious firm name and style of Palm Village Water Company, in those certain portions of Sections 20 and 21, Township 5 south, Range 6 East, and Section 23, Township 5 South, Range 7 East, S.B.B. & M., as are more specifically described below:

UNIT NO. 1

Northeast quarter of Section 20 and northwest quarter of Section 21, Township 5 South, Range 6 East, S.B. & M.

UNIT NO. 2

That portion of Section 23, Township 5 South, Range 7 East, S.B.B. & M. described as follows: Beginning at the southwest corner of the northwest quarter of Section 23, thence north 0° 4' East on the west line of said Section 23, 660 feet; thence east 2000.2 feet, more or less, to a point 639.8 feet west of the east line of the west half of said Section 23; thence south 0° 4' East, parallel with said east line of the west half, 1883.5 feet; thence west 2000.2 feet to the west line of said Section 23; thence north 0° 4' east, 1223.5 feet to the point of beginning; excepting therefrom that portion thereof conveyed to Riverside County by deed dated January 20, 1916, and recorded in Book 433, Page 126 of Deeds, Riverside County records, being a strip of land 60 feet wide over and across the north half of the southwest quarter and the northwest quarter of said Section 23 for a public road; also excepting therefrom an undivided one-half interest in all rights in and to all petroleum oil, natural gas, or other minerals for a period of twenty years from December 17, 1919, as reserved by deed executed by John P. Haynes and wife, in favor of H. C. Wilmot and George N. Hurd, dated December 17, 1919, and recorded December 22, 1919, in Book 506, Page 240 of Deeds, Riverside County Records, to which record reference is hereby made for further particulars thereof.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Southern Finance Service, a corporation, to operate a public utility under the fictitious firm name and style of Palm Village Water Company for the sale and distribution of water within the territory hereinabove described.

IT IS HEREBY FURTHER ORDERED that Southern Finance Service be and it is hereby authorized and 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 to its consumers subsequent to the 3 / 5 day of July, 1940.

<u>Meter Size</u>	<u>WATER RATES</u>		
	<u>Annual Minimum Charge</u>	<u>Semi-Annual Minimum Charge</u>	<u>Monthly Minimum Charge</u>
5/8" x 3/4"	\$18.00	\$10.00	\$1.50
1"	24.00	14.00	2.00
1-1/2"	30.00	18.00	2.50
2"	36.00	22.00	3.00

Each of the foregoing Annual, Semi-Annual or Monthly minimum charges will entitle the consumer to the quantity of water which that minimum charge will purchase at the following rates for service consumer has subscribed to or has been furnished with. Water consumption will be cumulative over the period for which advance minimum charge is paid. The semi-annual minimum charge will not be retroactive if consumer later desires the annual minimum charge.

Special Conditions of Monthly Minimum Charge

The monthly minimum charges shall apply only after consumer has completed service on an annual or semi-annual basis, and shall apply only when service is continuous.

RATES

First 1,000 cu. ft.	\$.25 per 100 cu. ft.
Next 4,000 cu. ft.	.20 per 100 cu. ft.
Next 5,000 cu. ft.	.15 per 100 cu. ft.
Next 5,000 cu. ft.	.125 per 100 cu. ft.
Next 5,000 cu. ft.	.10 per 100 cu. ft.
Over 20,000 cu. ft.	.08 per 100 cu. ft.

Intermittent Irrigation Service - On Demand Only

Minimum monthly quantity - 15,000 cu. ft.

RATES

First 15,000 cu. ft.	\$.05 per 100 cu. ft.
Over 15,000 cu. ft.	.025 per 100 cu. ft.

This type of service available only from irrigation pipe lines and shall only apply to water furnished to irrigate commercial farm crops, ornamental trees and shrubbery, and is subject to demands of domestic consumers and to rotation of service among intermittent users.

Fire Hydrants

Flat Rate - \$15.00 per year.

This charge to include maintenance and repairs to hydrants.

IT IS HEREBY FURTHER ORDERED as follows:

1. That within thirty (30) days from the date of this Order, Southern Finance Service be and it is hereby directed to submit to this Commission for its approval four sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale, upon a sheet approximately 8-1/2" x 11" in size, delineating thereon in distinctive markings the boundaries of the authorized service area hereinabove described and the location thereof, with reference to the surrounding territory, provided further, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.
  
2. That Southern Finance Service shall file with this Commission, within sixty (60) days from the date of this Order, four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the various tracts of land in the territory for which the certificate is granted herein. This map should be reasonably accurate, show the source and date thereof, and sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service.

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

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 3<sup>rd</sup> day  
of July, 1940.

Ray L. Quincy  
James R. Sullivan  
Walter H. Walker  
W. H. Hall  
Justus Z. Green  
COMMISSIONERS.