

Decision No. 37348

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of BARTON F. McGLOTHLEN and MARY JANE McGLOTHLEN, his wife, operating a public utility under the fictitious firm name of Pioneer Water Company, for a certificate of public convenience and necessity to operate in adjacent territory, San Bernardino County; also for permission to consolidate and merge Pioneer Water Company and Gardens Land and Water Company, a public utility corporation, san Bernardino County, for the establishment of uniform tariffs for water service to be rendered; also for permission to mortgage their utility property.

Application
No. 26206

ORIGINAL

B. F. McGlothlen, for Applicants.

BY THE COMMISSION:

O P I N I O N

B. F. McGlothlen and Mary Jane McGlothlen, his wife, hereinafter sometimes referred to as applicants, own and operate a public utility water system under the name of Pioneer Water Company, in the area described in the certificate of public convenience and necessity granted by Decision No. 33318, dated July 9, 1940.

Recently, applicants acquired all of the outstanding stock of Gardens Land and Water Company. That company

was granted a certificate of public convenience and necessity by Decision No. 32766 on January 23, 1940. It is the intention of applicants to dissolve the corporation and distribute its assets to themselves.

The properties operated under the name of Pioneer Water Company and Gardens Land and Water Company are about a mile and one-half removed from each other. There is no intention to interconnect the two water systems. The Commission, in this application, however, is asked to enlarge the certificated area of each system. It is applicants' intention to operate the two systems under the name of Pioneer Gardens Water Company.

Applicants ask the Commission to cancel the certificates granted by Decisions No. 33318 and 32766, and to grant to applicants a new certificate, said new certificate to cover the area now described in Decisions No. 33318 and 32766 and the additional area shown on Charts No. 1 and 2 in Exhibit No. 1, prepared by R. E. Sutherland, Assistant Engineer, for the Commission. The Commission is also asked to authorize Gardens Land and Water Company to transfer its properties to applicants and to authorize them to issue a \$10,000 note and execute a deed of trust to secure the payment of the note. The Commission is further asked to fix a uniform rate schedule which applicants may charge throughout the new service area.

Exhibit No. 1 shows that there are now 177 consumers being served by Pioneer Water System and 208 by Gardens Land and Water Company system. The 1943 operating revenues of

the latter system amounted to \$4,015.83 and of the former system \$3,223.95, making a total operating revenue of \$7,239.78. In Exhibit No. 1 the cost of the two properties is reported at \$47,152.57 and the accrued depreciation at \$5,364.28.

There is at present only one meter installed; that being on the school property on Monterey Avenue, as shown on Chart No. 2 in Exhibit No. 1. Applicants have no intention of installing meters except in cases where consumers waste water.

Applicants ask permission to charge the following rates:

FLAT RATES

| | |
|--|--------|
| Single residence on lot with not to exceed 10,000 square feet of irrigable area, | \$1.50 |
| For each additional residence on lot, | 1.00 |
| For each additional 100 square feet of irrigated area, | .015 |

METERED RATES

Monthly Minimum Charges

| | |
|----------------------------|---------|
| 5/8 x 3/4 Inch Meter | \$ 1.25 |
| 3/4 " " | 1.50 |
| 1 " " | 2.50 |
| 1 1/2 " " | 3.00 |
| 2 " " | 5.00 |
| 3 " " | 10.00 |
| 4 " " | 15.00 |

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

Monthly quantity rates:

| | |
|---|--------|
| First 700 cubic feet, | \$1.25 |
| Next 800 cubic feet, per 100 cubic feet, | .15 |
| All over 1500 cubic feet, per 100 cubic feet, | .10 |

Swimming pool, \$2.00 to 20.00

A meter may be installed on any service at the option of either the consumer or the utility.

The proposed rates are the same as now charged on the two water systems, except in two particulars. The rate of the Gardens Land and Water Company provides for a 50¢ per month charge for each additional vacant lot served from either house lot service or vacant lot service. This charge is deleted in the proposed schedule. On the Pioneer Water System the monthly flat rate for single residence on one lot not to exceed 7,400 square feet in area is \$1.25 per month. In the proposed schedule the flat monthly rate is \$1.50 for single residence, one lot not to exceed 10,000 square feet in area. A study made by the Commission engineers shows that 75 properties served by the Pioneer Water System are subject to a 25¢ per month increase, while 189 properties will get a decrease of 14¢ per month. Over all applicants' revenues will be reduced by \$7.71 per month by the change in the flat rate on the Pioneer Water System. The Order herein will allow applicants, with minor modifications, to place in effect the proposed rates. Under the flat rate schedule for single residence we believe that the word "irrigable" should be eliminated.

Applicants ask permission to issue a \$10,000 note and to execute a deed of trust to secure the payment of the note. The note bears interest at the rate of 5% per annum, the principal and interest payable in monthly installments of \$150, the first installment being due August 1, 1944. The proceeds of the note will be used by applicants to pay indebtedness incurred to purchase the outstanding stock of Gardens Land and Water Company.

As stated, it is applicants' intention to dissolve Gardens Land and Water Company and distribute its properties to applicants who are the sole stockholders of that corporation. At the hearing they amended the application and asked permission in behalf of Gardens Land and Water Company to transfer the properties of that corporation to applicants.

No one appeared at the hearing to protest the granting of this application, although a number of consumers attended the hearing and inquired about applicants' proposed rates and service.

O R D E R

A public hearing having been held in the above entitled matter by Examiners Clark and Fankhauser and the Commission being of the opinion that the money which applicants will obtain through the issue of a \$10,000 note is reasonably required by them to refund indebtedness, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that the Gardens Land and Water Company, be, and it is hereby, authorized to transfer, after the effective date hereof and on or before December 31, 1944, its properties to Barton F. McGlothlen and Mary Jane McGlothlen, his wife.

IT IS HEREBY FURTHER ORDERED that Barton F. McGlothlen and Mary Jane McGlothlen, his wife, be, and they are hereby,

authorized to issue after the effective date hereof and on or before December 31, 1944, a note for the sum of not exceeding \$10,000, and to execute a deed of trust to secure the payment of said note; said note and said deed of trust to be in substantially the same form as the note and deed of trust filed in this application as Exhibit "F." The proceeds realized through the issue of said note shall be used by applicants to refund indebtedness incurred to acquire the stock of Gardens Land and Water Company.

The Commission hereby declares that public convenience and necessity requires and will require Barton F. McGlothlen and Mary Jane McGlothlen, his wife, to construct, acquire, maintain and operate public utility water systems in the area described in Charts 1 and 2 of Exhibit 1 filed in this application, therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it is hereby, granted to Barton F. McGlothlen and Mary Jane McGlothlen, his wife, for said purposes.

IT IS HEREBY FURTHER ORDERED that concurrently with the effective date hereof the certificates of public convenience and necessity granted by Decision No. 33318, dated July 9, 1940, and by Decision No. 32766 dated January 23, 1940 be, and the same are hereby, cancelled.

IT IS HEREBY FURTHER ORDERED that Barton F. McGlothlen and Mary Jane McGlothlen, his wife, be, and they are hereby, authorized and directed to file with the Railroad Commission

within thirty (30) days from the effective date of this Order, under the name of Pioneer Water Company, the following schedule of rates to be charged for all water rendered to consumers subsequent to October 1, 1944 which schedule of rates is hereby found to be just and reasonable for the services to be rendered.

FLAT RATES

Single residence on one lot not to exceed
 10,000 square feet of area, \$1.50
 For each additional residence on lot, 1.00
 For each additional 100 square feet of irrigated
 area, for a period of not less than five months015

METERED RATES

Monthly Minimum Charges

| | | |
|----------------------|-------|---------|
| 5/8 x 3/4 Inch Meter | | \$ 1.25 |
| 3/4 " " | | 1.50 |
| 1 " " | | 2.50 |
| 1 1/2 " " | | 3.00 |
| 2 " " | | 5.00 |
| 3 " " | | 10.00 |
| 4 " " | | 15.00 |

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "Monthly Quantity Rates":

Monthly Quantity Rates:

| | | | |
|----------------|----------------------------|-------|---------|
| First | 700 Cubic Feet or less | | \$ 1.25 |
| Next | 800 " " per 100 Cubic Feet | ... | .15 |
| All Over 1,500 | " " " " " " " | ... | .10 |

Swimming Pool \$2.00 to \$10.00

A meter may be installed on any service at the option of the consumer or the utility.

IT IS HEREBY FURTHER ORDERED that Barton F. McGlothlen and Mary Jane McGlothlen, his wife, be, and they are hereby directed as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission, for its approval, quadruplicate 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 $8\frac{1}{2}$ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of the authorized service area; provided, 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. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn to a scale of not less than 600 feet to the inch, upon which shall be delineated correctly 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.

3. File a copy of the note and deed of trust executed under the authority herein granted, together with a statement showing the purposes for which the proceeds of said note were expended.

IT IS HEREBY FURTHER ORDERED that the certificate of public convenience and necessity granted herein is subject to the following provision of law; to-wit:

That the Commission shall have no power to authorize the capitalization of the certificate of public convenience and necessity herein granted, or the right to own, operate, or enjoy such certificate in excess of the amount actually paid to the State or to a political subdivision thereof, as the consideration for the grant of said certificate of public convenience and necessity.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the payment of the fee required by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

Dated at San Francisco, California, this 26th day of September, 1944.

Justice F. Calver
Francis C. Havens
Howard C. ...
... ..
Commissioners

