

**ORIGINAL**

Decision No. 41685

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PALM SPRINGS OUTPOST WATER CO., a )  
corporation, for a certificate of )  
Public Convenience and Necessity, )  
to issue and sell stock, and to )  
establish rates for water service )  
in unincorporated Riverside County )  
territory east of Palm Springs, )  
California )  
-----

Application  
No. 29235

Everett L. Clark for Applicant.

O P I N I O N

Palm Springs Outpost Water Co. asks the Commission to make its order;

- (1) Granting Applicant, a certificate of public convenience and necessity under Section 50(a) of the Public Utilities Act to construct, maintain and operate a water system in the area shown on Exhibit 1 filed in this application and,
- (2) Authorizing Applicant to issue and sell stock to acquire water properties presently installed and to obtain capital to extend the water properties, and,
- (3) Authorizing Applicant to charge for water sold the rates set forth in Exhibits D, E and F on file in this application.

Palm Springs Outpost Water Co. is a corporation organized December 5, 1947 under the laws of California. It has an authorized stock issue of forty-five (45) shares, all shares being without par value.

Applicant asks the Commission to grant it a certificate of public convenience and necessity authorizing it to construct, maintain and operate a public utility water system in the following area:

"All of the West one-half of Section 21, Township 4 South, Range 5 East, S.B.B. & M.; except the east 100 acres thereof, and containing 220 acres, more or less." The area is shown on the map on file in this application as Exhibit 1. It is about 4½ miles east of the City of Palm Springs, about 2 miles north of Cathedral City and is east of the channel of the Whitewater River. The area is owned or controlled by Maurice J. Silman, president of Applicant.

The testimony shows that 100 houses have been erected in the service area designated as Palm Springs Outpost No. 1. The houses are of concrete block construction and are situated upon residential size lots of 100' frontage by 140' in depth. They have been offered for sale, but none were occupied at the time of the hearing on this application.

Maurice J. Silman has caused to be installed a water system to supply water in the area designated as Palm Springs Outpost No. 1 and is ready to enlarge the water system to cover the entire service area.

The water system now installed consists of two 14-inch diameter wells, No. 1, 282' deep and No. 2, 210' deep, each equipped with 8 stage Peerless Pump (10 MA) bowl assemblies driven by 50 hp electric motors. Each well produces about 500 gallons of water per minute. The water is pumped into pressure tanks equipped for automatic operation between working pressure ranges of 30 to 50 pounds per square inch. The distribution mains vary from 4 inches to 6 inches in diameter and are fully circulating. The cost of the water properties now installed is reported at \$39,854.33. The cost of the properties to be acquired and installed is reported at \$25,450.00 which sum is segregated as follows:

Additions and Betterments Contemplated

## Purchase and install:

100 concrete meter boxes . . . . .	\$ 250.00	
100 5/8 x 3/4-inch meters . . . . .	1,300.00	
Construct concrete block pumphouses on concrete foundations now in place		
P.P. No. 1, 540 sq. ft. floor area. . . . .	2,430.00	
P.P. No. 2, do . . . . .	2,430.00	6,910.00

General Capital (Estimated Purchase Price)

Chevrolet Pick-up Truck - new . . . . .	\$1,700.00	
Miscellaneous Tools, Wrenches, etc. . . . .	100.00	
Office File Cabinets. . . . .	150.00	
Office Desk . . . . .	200.00	
Books of Accounts . . . . .	50.00	
Office Supplies . . . . .	50.00	2,250.00

Extension of System into Unit No. 2

Mains, duplicate Unit No. 1 . . . . .	\$10,000.00	
Fire Hydrants - 9 at \$60.00 . . . . .	540.00	
Services - 100 at \$16.00 . . . . .	1,600.00	
Meter Boxes - 100 at \$2.50 . . . . .	250.00	
Meters - 100 5/8 x 3/4-inch . . . . .	1,800.00	14,190.00

Material and Supplies . . . . . 100.00

Working Cash Capital. . . . . 2,000.00

Total \$25,450.00

Included in the \$39,854.33 is an allowance of \$8,000 for two lots and rights of way. The wells are situate on the two lots, one being 106' x 140', the other 105' x 140'. The easements in the streets and across private property which are reserved to Applicant are valued at \$2,000 and each of the lots at \$3,000. It occurs to us that Applicant is acquiring more land than necessary for the economical operation of its water system. Part of its investment in land may hereafter be regarded as non-operative land. The testimony does not support a finding that Applicant needs \$2,000 for working capital.

Applicant asks permission to issue and sell to Maurice J. Silman a sufficient number of its 45 shares of stock without par value to acquire the properties now installed and reported at a cost of \$39,854.33 and issue and sell to him additional shares to extend its water system as indicated above. The order herein will authorize Applicant to issue and sell to Maurice J. Silman

45 shares of its capital stock without par value upon condition that he transfer to Applicant the properties listed in Exhibit C, and for an additional consideration equal to the cost of acquiring and installing the meters, services, fire hydrants, mains, concrete foundations, general capital and materials and supplies referred to above.

Until such time as Applicant can acquire and install meters it asks permission to charge for water sold at the following flat rates:

APPLICABILITY

Applicable to flat rate water service for domestic and residential purposes.

TERRITORY

Within unincorporated territory called "Palm Springs Outpost," being all of the W 1/2 of Sec. 21, T.4S., R.5E., S.B.B. & M., except the east 100 acres thereof, and located about 4 1/4 miles east of the City of Palm Springs, Riverside County.

RATES

	Per Month Per Unit
For each single family residence . . . . .	\$5.00
For each single family living quarters in a duplex, flat or apartment building . .	\$4.00

SPECIAL CONDITIONS

1. All charges for flat rate service are payable in advance.
2. A separate service connection is required for each single family residence regardless of the customer's single ownership or control of the premises served or to be served.
3. A meter may be installed on any flat rate service connection at the option of the Company or of the Customer.

It is Applicant's intention to install meters as soon as it can obtain them. It asks permission to charge the following meter rates:

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Within unincorporated territory called "Palm Springs Outpost," being all of the  $W\frac{1}{2}$  of Sec. 21, T.4S., R.5E., S.B.B. & M., except the east 100 acres thereof, and located about  $4\frac{1}{4}$  miles east of the City of Palm Springs, Riverside County.

RATES

	<u>Per Meter Per Month</u>
<u>Monthly Minimum Charges</u>	
For $5/8$ x $3/4$ -inch meter . . . . .	\$ 1.25
$3/4$ -inch meter . . . . .	1.50
1-inch meter . . . . .	2.00
1 $1/2$ -inch meter . . . . .	4.50
2-inch meter . . . . .	6.00
3-inch meter . . . . .	12.00
 <u>Monthly Quantity Rates</u>	
First 400 cubic feet, or less . . . . .	1.25
Next 600 cubic feet, per 100 cubic feet. . . . .	.25
Next 4,000 cubic feet, per 100 cubic feet. . . . .	.20
Next 10,000 cubic feet, per 100 cubic feet. . . . .	.15
Next 10,000 cubic feet, per 100 cubic feet. . . . .	.125
Over 25,000 cubic feet, per 100 cubic feet. . . . .	.10

The Monthly Minimum Charge will entitle the customer to the quantity of water which that monthly minimum charge will purchase at the Monthly quantity Rates.

SPECIAL CONDITIONS

1. A separate meter and service connection is required for each single family residence, commercial or retail establishment regardless of the customer's single ownership or control of the premises served or to be served.

2. Bills for metered water service are payable upon presentation.

Applicant also asks permission to file fire hydrant rates, although they will not be put into effect until the service area is included in an organized fire district. The rates Applicant proposes for this service are as follows:

APPLICABILITY

Applicable to public and private fire hydrant service from direct connections to distribution mains.

TERRITORY

Within unincorporated territory called "Palm Springs Outpost," being all of the W $\frac{1}{2}$  of Sec. 21, T.4S., R.5E., S.B.B. & M., except the east 100 acres thereof, and located about  $\frac{4}{5}$  miles east of the City of Palm Springs, Riverside County.

RATES

	<u>Per Hydrant Per Month</u>
1. For single 2 $\frac{1}{2}$ inch outlet hydrants:	
(a) From mains 4" in diameter. . . . .	\$2.00
(b) From mains 6" in diameter. . . . .	2.50
2. For double 2 $\frac{1}{2}$ inch outlet hydrants:	
(a) From mains 4" in diameter. . . . .	\$3.00
(b) From mains 6" in diameter. . . . .	3.50
3. For direct connection to distribution mains for service to fire sprinkler systems or hydrants within buildings:	
(a) 4-inch service connection to mains . .	\$10.00
(b) 6-inch service connection to mains . .	20.00

SPECIAL CONDITIONS

1. Public fire hydrant service under this schedule is limited to public bodies or organizations corporate and politic, such as a City, Riverside County, Fire Protection and similar district organizations.

2. Fire hydrants, either single or double 2 $\frac{1}{2}$ -inch outlet, of standard manufacture, will be owned and installed and maintained by the Company under written contract.

3. Use of all public hydrants is limited to authorized fire fighting apparatus.

Applicant's meter rate schedules are comparable with the rates charged by other water utilities operating in the northerly section of Coachella Valley. The rates proposed by Applicant are found to be just and reasonable for the service to be rendered.

The certificate of public convenience and necessity granted herein is subject to the following provisions of law:

"That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right."

O R D E R

Application as entitled above having been filed with the Public Utilities Commission of the State of California, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises.

The Public Utilities Commission of the State of California hereby declares that public convenience and necessity require, and will require, the construction, maintenance and operation of a public utility water system by Palm Springs Outpost Water Co. in the area described as follows: "All of the West one-half of Section 21, Township 4 South, Range 5 East, S.B.B. & M., except the east 100 acres thereof, and containing 220 acres, more or less."

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be, and it is hereby, granted to Palm Springs Outpost Water Co. to construct, maintain and operate a public utility for the distribution and sale of water within said area.

2. That Palm Springs Outpost Water Co. be, and it is hereby, authorized and directed to file in quadruplicate, in conformity with this Commission's General Order No. 96, within thirty (30) days from and after the effective date of this order, the schedules of rates referred to in the foregoing opinion to be charged for all water service rendered to its consumers on and after said effective date, which schedules of rates are hereby found to be just and reasonable for the service to be rendered.

3. That Palm Springs Outpost Water Co. within sixty (60) days from and after the effective date of this Order shall submit to this Commission for 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  $3\frac{1}{2}$  x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area, the location thereof with reference to the immediate surrounding territory; 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.

4. That Palm Springs Outpost Water Co. within sixty (60) days from and after the effective date of this Order, shall file with this Commission 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 territory presently served. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such map 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.

5. That Palm Springs Outpost Water Co., after the effective date hereof and on or before December 31, 1948, may issue and sell to Maurice J. Silman 45 shares of its no par value capital stock for the purpose of acquiring from said Maurice J. Silman the water properties described in Exhibit C and for the further consideration of an amount equal to the cost of acquiring



and installing the meters, services, fire hydrants, mains, concrete foundations, general capital and materials and supplies mentioned in this application. The Commission is of the opinion that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required by Palm Springs Outpost Water Co. for the purposes herein stated, which purposes are not, in whole or in part reasonably chargeable to operating expenses or to income.

6. Palm Springs Outpost Water Co. shall file with the Commission a report or reports required by its General Order No. 24-A, which order insofar as applicable, is made a part of this order.

7. This order is effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 8<sup>th</sup> day of June, 1948.

R. E. Anderson  
Justice J. C. Cramer  
Justice H. H. Powell  
Harold P. Hule  
Samuel P. Potter  
Commissioners