

Decision No. 42324

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of
 FONTANA RANCHOS WATER COMPANY
 For a Certificate of Public Convenience
 and Necessity to furnish water service
 to designated tracts within the County
 of San Bernardino, for an order approv-
 ing rates for such service submitted by
 said applicant, and for an order permit-
 ting said applicant to issue and deliver
 shares of its capital stock for certain
 designated purposes.

ORIGINAL
 Application No. 29828

Hill, Morgan, and Farrer, by Charles T. McCarthy for applicant.

O P I N I O N

Fontana Ranchos Water Company, a California corporation, asks the Commission to make its order:

- (1) granting applicant a certificate of public convenience and necessity authorizing it to construct, operate, and maintain a water system in the area described below;
- (2) authorizing applicant to establish rates for water service;
- (3) authorizing applicant to issue and deliver stock for certain purposes.

Fontana Ranchos Water Company, is a corporation organized and existing under and by virtue of the laws of the State of California. Its articles of incorporation were filed with the Secretary of State on December 26, 1947. It has an authorized capital stock of 200,000 shares of the par value of \$1.00 per share and of the aggregate par value of \$200,000.

The proposed service area, as shown more particularly in maps marked Exhibits 3 and 4 and delineated in Exhibit 5, is described

generally as follows: that area between Linden and Locust Avenues northward above Highland Avenue in the general vicinity of Bonhert and Maple Avenues to the Muscupiabe Rancho line, thence northwesterly along that line and south of Riverside Avenue to Sierra Avenue, all in portions of Sections 21 and 28, Township 1 North, Range 5 West. The area lies about one and one-half miles east and two and one-half miles north of Fontana in San Bernardino County, California. At the present time there are 21 residences being served, and applicant estimated this number will increase within the next few years.

Applicant's witness testified that a plentiful supply of potable water for the water system exists, and is obtainable from two wells designated as Well No. 1 and Well No. 2.

Well No. 1 is situated (on approximately 14.4 acres) in Lot 35 of "Semi-Tropic Land and Water Company Subdivision" in the County of San Bernardino, known as Fontana Union Water Company Well No. 19 and State Division of Water Resources Well No. D-1170B. It was drilled in 1928, with a 20-inch casing, and is 325 feet deep. Applicant's witness stated that it was his opinion that said well is capable of delivering 30 gallons of water per minute. The average depth to water is 50 feet below ground surface. It is planned to operate this well by turbine pump operated by a windmill and electric motor with a pumping capacity of approximately 25 gallons per minute.

Well No. 2 is located on a parcel of land 250 feet by 350 feet in Lot 61 of "Semi-Tropic Land and Water Company Subdivision" in the County of San Bernardino, and is known as State Division of Water Resources Well No. D-1177A. It was drilled in 1929, is 16 inches in diameter, 779 feet deep, with a pumping water level at 551.6 feet in 1947. It was testified by applicant's witness that said well was capable of delivering 1,000 gallons per minute with an approximate 20-foot pull down. This well discharged 50 miner's inches or 450

gallons per minute in a test conducted in August, 1948. It will be operated by a 75 hp deep-well turbine pump driven by an electric motor with a pumping capacity of approximately 450 gallons per minute, which will discharge into a 5,000-gallon pressure tank connected with the water mains.

The distribution system now installed consists of approximately 4,390 feet of three-, four-, and six-inch steel pipe with welded joints. Details of the location of this system are shown in the map marked Exhibit 4. At the present time, Wells Nos. 1 and 2 are not interconnected, but a master plan of applicant includes such interconnection which will be effected when a sufficiently large number of consumers require service, making construction necessary.

From the evidence, it appears that the water supplies available to applicant, and the distribution system installed by the applicant are ample to render service to the proposed area.

Applicant testified that the distribution system is built in easements and rights of way, all of which have been secured and are owned by the applicant; therefore, no county franchise is required from San Bernardino County at this time, but the applicant stated it was willing to apply for such franchise in the future if necessary.

No other water companies or public utilities now render water service in or near this area.

The record shows that applicant has title, subject to the trust deed hereafter mentioned, to the lands on which the wells are situated. The cost of the land on which Well No. 1 is situated is reported at \$3,000, and the cost of the land on which Well No. 2 is situated at \$15,000. The land on which Well No. 2 is situated, however, is subject to a trust deed securing the payment of a \$19,000 note due Joe J. Civarelli and Charlotte Civarelli. The note was issued by Edward J. Soehnel and Edna Angel Soehnel. The \$19,000 is payable in

installments of \$4,000 or more annually on October 10 of each year beginning on October 10, 1948, together with interest at 5% per annum. The land and well were purchased from the Fontana Ranchos Land Company, a copartnership, of which the copartners are Edward J. Sochnel and Johnson, Inc., a California corporation. The payment of the \$19,000 note is further secured by a chattel mortgage which is a lien on some personal property that is being acquired by applicant. The trust deed provides that upon the payment of \$10,000 of the indebtedness secured thereby, the land on which the No. 2 Well is situated shall be released from the trust deed and conveyed to applicant. The personal property will also be released from the chattel mortgage.

Fontana Ranchos Land Company has advanced to applicant \$41,265.65. To liquidate in part such advances, applicant asks permission to issue and deliver to the Land Company \$37,360 of stock. At this time we believe that applicant should be permitted to issue only \$18,360 per value of capital stock. At such time as applicant has supplied the Commission with proper evidence showing that the land on which Well No. 2 is situated has been released from the trust deed and that the chattel mortgage, which is a lien on certain of applicant's properties, has been canceled, the Commission will consider the matter of permitting applicant to issue \$19,000 par value of additional stock.

Applicant's fixed tangible capital, as shown in its balance sheet as of July 31, 1948, was as follows:

	<u>Assets</u>	<u>Reserve for Depreciation</u>	<u>Net</u>
Landed Capital	2,000.00	-	\$ 2,000.00
Wells	8,491.50	80.28	8,411.22
Buildings, Structures and Grounds	833.20	44.80	788.40
Pumping Equipment	10,676.51	247.80	10,428.71
Distribution Tanks	1,119.82	37.17	1,082.65
Distribution Mains	10,840.48	250.95	10,589.53
Services	470.58	11.74	458.84
Fire Hydrants	225.00	3.37	221.63
Meters	557.37	5.44	551.93
General Shop Equipment	1,601.53	115.92	1,485.61
Total Fixed Tangible Assets	<u>36,815.99</u>	<u>797.47</u>	<u>36,018.52</u>

Applicant proposed certain rates which were amended at the hearing. From the facts available and the evidence upon this record, these rates appear to be reasonable and will be authorized.

The Commission has considered the request for a certificate of public convenience and necessity, and is of the opinion that it should be granted, subject to the following provision 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.

The action taken herein shall not be construed to be a finding of the value of the property which applicant is acquiring from Fontana Ranchos Land Company.

O R D E R

The above-entitled application having been considered, a public hearing having been held, the matter having been submitted, and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the construction and operation of a public utility water system by Fontana Ranchos Water Company in San Bernardino County in the area set forth on the maps marked Exhibits 3 and 4 and more particularly described in Exhibit 5 in this proceeding.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted Fontana Ranchos Water Company to construct and operate a public utility system for the distribution and sale of water within the territory hereinbefore described, subject to the following conditions:

Rates set forth in Exhibit A attached to this order shall be filed to be effective on or before January 20, 1949, together with rules and regulations and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.

Applicant shall within thirty (30) days after the system is placed in operation file four copies of a comprehensive map, drawn to an indicated scale of not less than 400 feet to the inch, delineated correctly by appropriate markings of the various tracts of land and territory served and the location of the various properties of applicant.

IT IS HEREBY FURTHER ORDERED that Fontana Ranchos Water Company be, and it is authorized to issue, after the effective date hereof and on or before June 30, 1949, \$18,360 par value of its capital stock in part payment for advances made to it by Fontana Ranchos Land Company, a copartnership, the Commission being 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 applicant for the purpose herein stated, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

IT IS HEREBY FURTHER ORDERED that Fontana Ranchos Water Company shall file with the Commission a report required by the Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective twenty (20) days from and after the date hereof, and that any authorization herein granted will be void if not exercised on or before June 30, 1949.

Dated at San Francisco, California, this 21st day of December, 1948.

R. J. [Signature]
Justin J. [Signature]
[Signature]
Harold P. [Signature]
[Signature]
Commissioners.

EXHIBIT A

Schedule No. 1

METER RATES

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Throughout the service area.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Monthly Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 2.00
For 1-inch meter	4.00
For 1 1/2-inch meter	6.50
For 2-inch meter	10.00
For 3-inch meter	17.50
Monthly Quantity Rate:	
First 800 cubic feet or less	2.00
Next 4,200 cubic feet, per 100 cubic feet.15
Over 5,000 cubic feet, per 100 cubic feet.10

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