

ORIGINAL

Decision No. 42583

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Crestmore Village Water Company for a
Certificate of Public Convenience and
Necessity and for Permission to issue
Stock.

Application No. 30489

Bishop Moore, for applicant; Mrs. Charles Crum
and Malcolm C. Gauld, interested parties.

O P I N I O N

Crestmore Village Water Company, a corporation, by the above-entitled application filed on July 8, 1949, requests a certificate of public convenience and necessity authorizing it to construct and operate a water system, and permission to issue stock to acquire water properties located in the City of Crestmore and in the adjoining unincorporated area known as Tract No. 3409 in San Bernardino County, California. Maps of the area proposed to be certificated are attached to the application and marked Exhibits C and D. A public hearing on this application was held before Examiner Warner on November 25, 1949, at San Bernardino, California. At this hearing, applicant requested amendment of the application with regard to rates to be established.

Crestmore Village Water Company is a California corporation. Its Articles of Incorporation were filed with the Secretary of State on October 25, 1948. It has an authorized capital stock issue of 25,000 shares of par value of \$1 each.

The proposed service area is described as follows: Blocks 1, 2, 9, 10, 11, 12, 19, 20, 21, 22, 35, 36, 37, 38, 50, 51, 52, 53, 58, 59, 60, 61, 63, 64, 65, and 66, of the City of Crestmore, together with Tract No. 3409, San Bernardino County, California. The topography of

the area is level with a slight sloping away from the source of water supply located about 250 feet easterly of Block 11 and just outside the service area.

During 1949, Smart Investment Company, Ltd. developed a portion of the City of Crestmore lying east of Cedar Avenue and south of Jurupa Avenue; and of the 619 lots in that area, all but 20 were sold. A pumping plant and water distribution system were rehabilitated and replaced by the investment company, the well having been drilled in 1928 and the original distribution mains having been installed in 1937.

Water is obtained from a cased well 14 inches in diameter, 400 feet deep, with a capacity of 400 gallons per minute, in which is installed a Fairbanks-Morse deep-well turbine pump, direct-connected to a 25 hp electric motor with automatic control switch. Water in the well stands at approximately 137 feet from the surface. The pump discharges directly into a 5,000-gallon pressure tank which is connected to the distribution system. The pump has a 231-foot total dynamic head and a rated capacity of 340 gallons per minute. The distribution system consists of 25,375 feet of welded mains ranging from two to eight inches in diameter. There are 71 customers. Five fire hydrants are also connected, and the system is completely circulating.

Applicant has an oral agreement with Park Water Company for the furnishing of stand-by service crossing Cedar Street. From the evidence, it appears that the water supply available to the applicant is adequate to render service to the area.

Easements for pipe lines are in private rights of way, and it has not been necessary to secure a franchise from San Bernardino County. A witness appearing in behalf of the applicant indicated that the company would be willing to secure such franchise if it were found, at a later date, to be necessary.

Exhibit 2 shows that the water has been tested by county health authorities and found to be potable.

Notices of the hearing in this matter were sent to neighboring utilities, and it was determined that newspaper notices had been published in a newspaper of general circulation throughout the area. No protest by said utilities was presented at the hearing.

Omart Investment Company, Ltd. is the present owner of all the water system properties, but applicant proposes and requests permission to issue 500 shares of stock of \$1 par value and use the proceeds to purchase the water system including the well site, well and facilities, and all mains and services. Omart Investment Company, Ltd. will purchase 497 shares of the stock. The difference between the cost of the properties less accrued depreciation and the \$500 should be recorded on applicant's books as capital surplus.

All customers are being served at the flat rate of \$2 per month. Individual lots measure 50 feet by 157 feet (7850 square feet), and applicant's witness testified that it was not applicant's desire to effect any change in the flat rate, the allowable square footage for each lot under said flat rate being sufficient to include such lots. Applicant's witness also testified that it was not intended to meter the system in the immediate future. However, a schedule of meter rates was proposed in the amendment to the application introduced at the hearing. The proposed rates, as amended, will be ordered herein.

The principal complaint of customers appearing at the hearing was the absence of a reliable maintenance and service man. Applicant's witness testified that it was intended to maintain such a service man either at the properties or on telephone call at all times.

A report submitted as Exhibit 1, by a Commission staff engineer, shows that an appraisal of the properties November 25, 1949, is as follows:

SUMMARY OF APPRAISAL

<u>Description</u>	<u>Estimated Historical Cost Including Overhead</u>
Intangible Capital	\$ 369.00
Land	1,000.00
Buildings	110.00
Wells	3,530.00
Pumping Equipment	3,677.88
Distribution Mains	17,161.65
Distribution Tanks	797.50
Hydrants	825.00
Services	781.00
General Equipment	110.00
Total	<u>28,362.03</u>

Annual depreciation of the properties is estimated at \$956 per year, and the depreciation reserve requirement is estimated at \$4,988 as of November 29, 1949. The power cost for the six months' period ending October, 1949, is \$310.71, or an average of \$51.78 per month. Such annual expenses as are evident, when related to estimated gross annual revenues of \$1,704, and further related to capital, indicate that the rate of return will not be excessive.

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 of Crestmore Village Water 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 require and will require the construction and operation of a public utility water system by Crestmore Village Water Company in San Bernardino County in the area set forth in the maps marked Exhibits C and D attached to the application.

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

1. Crestmore Village Water Company shall file with this Commission, in accordance with the requirements of General Order No. 96, the schedule of rates set forth in Exhibit A attached to this order, together with rules and regulations, to be effective on or before January 15, 1950.
2. Crestmore Village Water Company, within thirty (30) days after the effective date of this order, shall file with this Commission four copies of a suitable map, drawn to an indicated scale upon a sheet 8 $\frac{1}{2}$ x 11 inches in size, delineating thereupon by distinctive markings the boundaries of the present service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.
3. Crestmore Village Water Company, within thirty (30) days 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 to be served. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the

Schedule No. 1

FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Throughout the entire service area, which includes approximately 619 lots in Blocks 1, 2, 9, 10, 11, 12, 19, 20, 21, 22, 35, 36, 37, 38, 50, 51, 52, 53, 58, 59, 60, 61, 63, 64, 65, and 66 of the City of Crestmore, and Tract No.3409, San Bernardino County, adjoining thereto.

RATES

	<u>Per Service</u> <u>Per Month</u>
For each residence, including one lot of 8,000 square feet or less, per service. . . .	\$ 2.00
For each additional 100 square feet of lot area irrigated.02

SPECIAL CONDITIONS

Meters may be installed at option of utility or customer for above classifications in which event service will thereafter be rendered only on the basis of Schedule No. 2, Metered Service.

Schedule No. 2

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Throughout the entire service area, which includes approximately 619 lots in Blocks 1, 2, 9, 10, 11, 12, 19, 20, 21, 22, 35, 36, 37, 38, 50, 51, 52, 53, 58, 59, 60, 61, 63, 64, 65, and 66 of the City of Crestmore, and Tract No. 3409, San Bernardino County, adjoining thereto.

RATES

Monthly Minimum Charge:	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter.	\$ 2.00
For 3/4-inch meter.	2.50
For 1-inch meter.	4.00
For 1 1/2-inch meter.	6.00
For 2-inch meter.	8.00

Monthly Quantity Rates:

First 800 cubic feet or less.	2.00
Next 1,200 cubic feet per 100 cubic feet20
Next 1,000 cubic feet per 100 cubic feet15
Over 3,000 cubic feet per 100 cubic feet12

The monthly minimum charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the monthly quantity rates.

location of the property comprising the entire utility area of service; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

IT IS HEREBY FURTHER ORDERED that Crestmore Village Water Company be and it is hereby authorized to issue and sell, at \$1 a share, after the effective date hereof and on or before May 31, 1950, 500 shares of its capital stock, and use the proceeds to acquire the public utility water properties referred to in the foregoing opinion; 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 purposes herein stated, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

IT IS HEREBY FURTHER ORDERED that Crestmore Village 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 after the date hereof, and that any authorization herein granted will be void if not exercised on or before May 31, 1950.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 6th day of December, 1949.

R. Z. ...
Justice J. ...
...

Commissioners.