

Decision No. 43688**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
MISSION WATER COMPANY, a corporation,  
for a Certificate of Public Convenience  
and Necessity, for Establishment of Rates,  
and for Issuance and Sale of Stock.

Application No. 30633

C. Loy Mason, for applicant; Paul Briskin,  
for customers.

O P I N I O N

Mission Water Company, a corporation, by the above-entitled application filed September 16, 1949, requests a certificate of public convenience and necessity authorizing it to construct and operate a water system. It also requests establishment of rates, and permission to issue and sell stock. Applicant's proposed service area is located in unincorporated territory in West Riverside, Riverside County, California. A map, filed as Exhibit No. 2 at the hearing, more particularly delineates the proposed area.

A public hearing on this application was held before Examiner Warner on December 21, 1949, at Riverside, California.

Mission Water Company is a California corporation. Its Articles of Incorporation were filed with the Secretary of State on August 18, 1949. It has an authorized capital stock issue of 2,000 shares of par value of \$100 each (\$200,000).

The corporation was formed to take over the water system assets which had been acquired by its directors on June 15, 1949, from John Beck, who in turn had acquired the properties from George Bennett in 1945, he having acquired the properties in 1941 from the original owner and developer, William M. Barber, who had constructed a system in Wilcox Square beginning in the late 1920's.

The area proposed to be served consists of approximately 118 acres in Sections 15 and 16, Township 2 South, Range 5 West, S.B.B. & M. It is a part of Rubidoux Rancho and lies about one mile west of the City of Riverside, along the northerly side of Mission Road. It is bounded on the north by 34th and 36th Streets, on the east by Wallace Street (formerly Housh Street), on the south by Mission Boulevard, and on the west by Riverview Drive and Avalon Street.

Sunny Slope Heights Water Company serves the area to the west, Fortsite Mutual Water Company, a public utility, and Fort Fremont Mutual Water Company to the south, and Rubidoux Vista Water Company to the east. The area is generally flat with a slight upward sloping to the west.

Water is obtained from two cased wells located within the service area. Well No. 1 is 10 inches in diameter and 120 feet deep and its present pumping plant delivers 270 gallons per minute. Well No. 2 is 12 inches in diameter, 165 feet deep, and its present pumping plant delivers 360 gallons per minute. Both pumping plants are automatically controlled and discharge into the distribution system through pressure tanks. The water pressure ranges from 35 to 48 pounds per square inch at the wells.

The distribution system consists of 13,455 feet of welded steel and standard screw pipe. All pipe is dipped in a preservative. Most of the pipe lines are constructed in easements. A residence water service pipe was laid to every lot in each subdivision at the time the water mains were installed. This necessitates only the addition of a water meter to provide water service to the individual lots. In December 1949 there were 216 customers being served and applicant's witness estimated there would be an additional 50 customers in 1950. Eight fire hydrants are also connected to the system.

Applicant has an oral agreement with Sunny Slope Heights Water Company for the furnishing of emergency standby service through a connecting locked valve at a point on the northeast side of Riverview Drive, 344 feet northwest of "A" 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 Riverside County. A witness appearing in behalf of the applicant indicated that the company would be willing to secure a franchise, if it were found at a later time to be necessary.

Exhibit No. 3 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 water utilities. Notice of the hearing was published in a newspaper of general circulation throughout the area. No protest by said utilities was presented at the hearing.

Mission Water Company is the present owner of all the water system properties, having issued, on September 2, 1949, to each of the three directors of applicant a demand note in the sum of \$18,548.43, bearing interest at six per cent per annum, the original consideration for which was a one-third interest owned by the holder of each of said notes in the assets of the applicant, which assets were valued by applicant's directors at the total sum of \$55,645.30. Applicant proposes, and requests permission, to issue 186 shares of the capital stock of the par value of \$100 each to each of the three directors holding a demand note and to use the proceeds of such stock issuance to satisfy such notes.

An appraisal of the properties by a Commission staff engineer, introduced as Exhibit No. 7, shows the estimated historical cost of the properties at \$38,186.53, segregated as follows:

<u>Description</u>	<u>Estimated Historical Cost Including Overhead</u>
<u>Intangible Capital</u>	
Organization	\$ 850.00
Franchises & Easements	50.00
Total Intangible Capital	<u>900.00</u>
<u>Tangible Capital</u>	
Landed Capital	600.00
Buildings & Structures	2,530.00
Wells	2,013.00
Pumping Equipment	5,230.50
Distribution Mains	12,450.24
Distribution Reservoirs & Tanks	2,090.00
Services	2,560.80
Hydrants	352.00
Meters & Boxes	9,459.99
Total Tangible Capital	<u>37,286.53</u>
Total	38,186.53

The appraisal shows accrued depreciation of \$5,388.08 and materials and supplies of \$2,929.50.

The order herein will authorize the issuance of stock in the amount of \$35,700 in payment of indebtedness of not less than that amount.

All customers are now being served at the minimum rate of \$2.50 per meter per month, which includes the first 1,500 cu. ft. of water usage per month with the next 2,000 cu. ft. per month at the rate of ten cents per 100 cu. ft., and all over 3,500 cu. ft. per month at the rate of eight cents per 100 cu. ft. Prior to August 1, 1949, however, the rates charged by applicant's predecessor were at the flat rate of \$1.50 per month. Applicant requested that the presently effective rates be authorized for the future.

Paul Briskin, appearing for about 200 customers as protesters, objected to the establishment of the proposed meter rates on the grounds that they were excessive.

Although the water system has been operating for several years, records of revenues and expenses and fixed capital were shown to be unreliable as indicators of future earnings. A witness for the applicant estimated that revenues under the proposed rates might amount to between \$650 and \$750 per month and that operating expenses, including a salary of \$100 per month for a superintendent, \$50 per month for a bookkeeper, \$100 per month for maintenance and repairs, \$82.50 per month for power, \$30 for taxes, \$50 for depreciation, \$30 for legal services, and other amounts for rent, office supplies, rental of a truck, and insurance, would total about \$568 per month. No compensation for officers' salaries was included in this estimate. The estimates of revenues and expenses, however, were indefinite and were not supported in evidence by records of past results of operation.

After review of the evidence of record, including the ability of the system to serve additional customers, the rates ordered herein are considered to be just and 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 of Mission Water Company.

O R D E R

The above-entitled application having been considered, and 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 operation of a public utility water system by Mission Water Company in a subdivided tract known as a part of Rubidoux Rancho, Riverside County, in the area more particularly delineated by outline in red upon the map marked Exhibit No. 2 in this proceeding; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Mission Water Company to operate a public utility water system for the distribution and sale of water within the territory herinbefore described.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File rates set forth in Exhibit A attached to this order, to be effective on and after March 1, 1950, together with rules and regulations and tariff service map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. File within thirty (30) days after the effective date of this order, four copies of a comprehensive map drawn to an indicated scale of not less than 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of the various properties of applicant.

IT IS HEREBY FURTHER ORDERED that Mission Water Company be and it is hereby authorized to issue and sell, at not less than \$100 a share, after the effective date hereof and on or before June 30, 1950, 357 shares of its capital stock, and use the proceeds to pay in whole or in part (not less than \$35,700 in the aggregate), the demand notes 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 Mission Water Company shall file with the Commission a report as 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 June 30, 1950.

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

Dated at San Francisco, California, this 17<sup>th</sup> day of January, 1950.

R. F. Zimmerman  
Justus J. Coe  
James H. ...  
Harold P. ...  
Lawrence P. ...  
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service.

TERRITORY

Within service area bounded generally by Riverview Drive, 34th Street, Wallace Street and Mission Boulevard; West Riverside, Riverside County; as delineated on map of service area.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:	
First 1,000 cubic feet or less . . . . .	\$ 2.00
Next 1,000 cubic feet, per 100 cubic feet . . .	.15
Over 2,000 cubic feet, per 100 cubic feet . . .	.10
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 . . . . .	7.00
For 2-inch meter . . . . .	10.00

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 quantity rates.