

ORIGINAL

Decision No. 45920

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Peterson Water Co. Inc.)
 for Certificate of Public Convenience) Application No. 32262
 and Necessity to operate a Water Co.)
 and to issue stock and a \$8,000 note.)

Oscar Peterson, for applicant; Theo Stein
 and James G. Lee, for the Commission staff.

O P I N I O N

Peterson Water Co. Inc., a corporation, by the above-entitled application filed April 2, 1951, seeks a certificate of public convenience and necessity to operate a domestic water system in Tracts Nos. 3466 and 3558, and in other adjacent unsubdivided and unincorporated territory lying along the south side of U. S. Highway No. 99 between Colton and Redlands, and east of Loma Linda, in San Bernardino County, California. Permission is also requested to issue \$1,000 par value stock and an \$8,000 note.

A public hearing in this matter was held before Examiner Warner on June 20, 1951, at San Bernardino, California.

As shown in its Articles of Incorporation, attached to the application as Exhibit E, Peterson Water Co. Inc. was organized September 1, 1950, to engage in the business of a public utility water company, and to buy, sell, lease and otherwise deal in real estate. Its directors are as follows: Oscar Peterson, Esther Peterson, and George A. Peterson, all of Compton, California. Its office address is 100 East Elm Street, Compton, California. It is authorized to issue one class of stock, only, in the amount of 1,000 shares of the par value of \$1 per share or an aggregate par value of \$1,000.

The area, totalling approximately 50 acres, for which a certificate of public convenience and necessity is requested includes Tract No. 3466, comprising 52 lots on which 40 homes have been constructed, and Tract No. 3558, comprising 86 lots on which 82 homes are under construction, and certain adjacent unsubdivided territory, all of which is described in the application as follows:

"Located just East of Loma Linda described as follows, beginning at the Southeast corner of Hiway 99 and Mountain View Ave., thence East along the South Side of Hiway 99 for 1320 feet, thence South to Cottonwood Row, thence Westerly along the North side of Cottonwood Row to Mountain View Ave., thence North along the East side of Mountain View Ave. to point of beginning."

As of the date of the hearing, domestic water service was being furnished to 40 consumers. The area is flat, having previously been an orange grove.

Applicant's source of water supply consists of a drilled well, 507 feet in depth, in which is installed a pump driven by a 7½ hp electric motor. The estimated production capacity of the well is 30 miner's inches ^{1/} of water, or approximately 270 gallons per minute. The pump discharges into a 20,000-gallon, reinforced-concrete, covered reservoir, from which the water is pumped by a 7½ hp booster pump into two 1,100-gallon, automatically controlled pressure tanks, which, in turn, discharge into the distribution system. Applicant's witness testified that a minimum operating pressure of 28 pounds per square inch is now being maintained in the system and that applicant intends to maintain the operating pressure at not less than that minimum.

1/ This miner's inch is equivalent to a flow of 1/50 cubic foot of water per second.

The record shows that the distribution system is cross-connected to a line owned by the City of Redlands Water Company to effect a standby supply. Water would be furnished and bills rendered to applicant by the Redlands Water Company on a metered basis.

The distribution system consists of 4,268 feet of welded, dipped-steel mains varying from 5 inches to 2 inches in diameter. All mains are now laid in street parkways. No franchise is required by San Bernardino County authorities to lay mains in streets, but, the record shows that all present mains were installed before streets were dedicated to public use. Applicant intends to install a new 5-inch main in an easement on private property along the eastern boundary of the service area in order to effect better circulation of the water system.

The record shows that applicant holds a State of California Department of Public Health permit, and that the water supply has been tested by San Bernardino County Health Department authorities, and found to be potable.

From a review of the record, as outlined hereinabove, it appears that the water supply available to applicant, and the distribution system, installed and proposed to be installed, are adequate to serve the proposed area.

No other public utilities of like character are operating within, or immediately adjacent to, the proposed area, and no protest to the granting of the application was entered at the hearing by any party, although notices of the hearing were sent to all consumers and to Redlands Water Company, and notices were published in a newspaper of general circulation throughout the area.

Applicant proposes to charge a flat rate of \$2.25 per consumer per month. Applicant also requests authorization to file a rate for metered service as follows:

<u>GENERAL METERED SERVICE</u>		<u>Per Meter Per Month</u>
Quantity Rate:		
First 1,500 cu. ft., or less.....		\$2.00
Next 500 cu. ft., per 100 cu. ft.....		.12
Over 2,000 cu. ft., per 100 cu. ft.....		.10
Minimum Charge:		
For 3/4-inch meter.....		\$2.00

Since the record shows that applicant has not yet started in business as a public utility and that charges for such water service as has been furnished have been included in the agreements for purchase of homes, it appears that the proposed rates as requested are reasonable, and the order herein will provide for the authorization of their filing.

The record shows that two (2) fire hydrants are connected to the distribution system, that the proposed service area will be part of the Loma Linda Fire District, and that applicant did not request the establishment of a rate for fire hydrant service and does not intend to make any charge for such service.

Applicant has made provision, through the employment of a part-time employee and through arrangements with a resident of the area, for full-time supervision of the water system.

With respect to applicant's request for permission to issue stock of \$1,000, and a note of \$8,000, with interest from date on unpaid principal at the rate of 3% per annum, principal and interest payable in installments of \$60 or more on the first day of each month beginning on September 1, 1951 and continuing until said principal and interest have been paid, this request

appears to be reasonable and will be authorized by the order herein. Applicant's books, upon the issue of the securities and the acquisition of the properties, will show the following assets and liabilities:

PETERSON WATER CO. INC.

Assets

Well and pipe lines	<u>\$10,043.08</u>
---------------------	--------------------

Liabilities

Common stock authorized and issued	1,000.00
Notes payable	8,000.00
Accounts payable (Oscar Peterson)	<u>1,043.08</u>
	<u>\$10,043.08</u>

The above entries will reflect the results of an estimated historical cost, plus 10% overhead, appraisal of applicant's properties, dated June 20, 1951 and submitted at the hearing by a Commission staff engineer as Exhibit No. 1.

The shares of stock and the note will be issued to Oscar Peterson. The record shows that applicant's President, Oscar Peterson, financially, is able and willing to advance sufficient sums to applicant to extend its system and to make the installations necessary to complete applicant's water system to serve the proposed service area.

The Commission has considered the request for a certificate of public convenience and necessity to serve the area described herein 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 herein described.

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 operation of a public utility water system by Peterson Water Co. Inc., a corporation, in an area comprising approximately 50 acres and including Tracts Nos. 3466 and 3558 and adjacent unsubdivided territory in San Bernardino County, California, as further described in the opinion herein; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Peterson Water Co. Inc. to operate a public utility water system for the production, distribution, and sale of water within the territory hereinbefore described..

IT IS HEREBY FURTHER ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, a schedule of rates shown in Exhibit A attached hereto, and, on not less than five (5) days' notice to the Commission and the public, to make/said rates effective for services rendered on and after August 1, 1951.

IT IS HEREBY FURTHER ORDERED as follows:

1. That applicant shall file, within forty (40) days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, and the location of various properties of applicant.

2. That applicant shall file, coincident with the rate filing ordered herein, four copies of rules and regulations, and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.

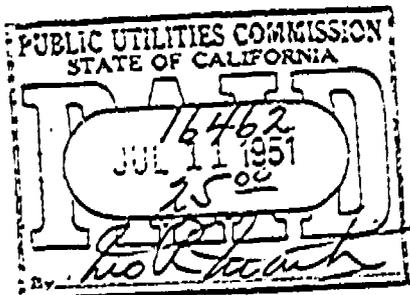
IT IS HEREBY FURTHER ORDERED that Peterson Water Co. Inc. be and it hereby is authorized to issue stock in the amount of \$1,000, and to issue a note of \$8,000, after the effective date hereof and on or before October 31, 1951, for the purposes indicated in the application, the Commission being of the opinion that the money, property, or labor to be procured or paid for by the issue of said stock and note 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 Peterson Water Co. Inc. 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 as follows:

1. That the authority herein granted will be void if not exercised on or before October 31, 1951.
2. That the authority herein granted will become effective when Peterson Water Co. Inc. has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this 3rd day of July, 1951.



[Signature]
[Signature]
[Signature]
[Signature]
Commissioners.

EXHIBIT A
Page 1 of 2

Schedule No. 1

MONTHLY FLAT RATE

APPLICABILITY

Applicable to unmeasured water service for domestic, commercial and other purposes.

TERRITORY

Within the authorized service area in unincorporated territory in San Bernardino County east of Loma Linda along U.S. Highway No. 99, including Tracts Nos. 3466 and 3558, San Bernardino County, and certain unsubdivided property adjacent to said tracts.

RATES

Per Month

For each 3/4-inch service connection.....\$2.25

Meters may be installed at the option of the utility or the consumer for the above classification, in which event service will be rendered on the basis of the General Meter Rates.

EXHIBIT A
Page 2 of 2

Schedule No. 2

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service furnished on a metered basis.

TERRITORY

Within the authorized service area in unincorporated territory in San Bernardino County east of Loma Linda along U. S. Highway No. 99, including Tracts Nos. 3466 and 3558, San Bernardino County, and certain unsubdivided property adjacent to said tracts.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 1,500 cu. ft. or less	\$2.00
Next 500 cu. ft., per 100 cu. ft.12
Over 2,000 cu. ft., per 100 cu. ft.10
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$2.00

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