

Decision No. 45945

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of DELMANN WATER COMPANY for a Certificate of Public Convenience and Necessity, Establishment of Rates, and Order Authorizing Issuance and Sale of Stock.))))))	Application No. 32324 (Amended)
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Surr and Hellyer by John B. Surr, for applicant;
 County Water Company by Herbert Cameron, interested
 party; R. R. Entwistle and J. G. Lee, for the
 Commission staff.

O P I N I O N

Delmann Water Company, a corporation, by the above-entitled application, filed April 17, 1951, seeks a certificate of public convenience and necessity to operate a domestic water system in unincorporated territory adjacent to and immediately to the west of the westerly limits of the City of San Bernardino, San Bernardino County, California, lying along Cajon Boulevard, at, and immediately south and east of its intersection with California Avenue. The Commission is also asked to establish rates for water service and to authorize the issue and sale of stock. The application was amended at the hearing with respect to the service area for which a certificate is requested by the elimination of all unsubdivided territory south of Tract No. 1741 as shown on Exhibit C attached to the application. Applicant now seeks a certificate to serve Tracts Nos. 3732 and 1741, San Bernardino County, only. A map filed at the hearing as Exhibit No. 1 further delineates the amended proposed service area.

A public hearing in this matter was held before Examiner Warner on June 27, 1951 at San Bernardino, California.

As shown in the Articles of Incorporation attached to the application as Exhibit C, Delmann Water Company was organized April 3, 1951 to engage in the business of serving and selling water, including service of the water to the public as a public utility. Its officers and directors are as follows: W. J. Hermann, President; Adele C. Hermann, Secretary-Treasurer; and Henry Veldman, Jr., Vice President, all of San Bernardino, California. Its principal place of business is in San Bernardino County, California. It is authorized to issue one class of stock, only, in the total amount of 250 shares, of the par value of \$100 per share, or an aggregate par value of \$25,000.

The area, totaling approximately 55 acres, for which a certificate of public convenience and necessity is requested, includes Tract No. 3732, comprising 182 lots, and Tract No. 1741, comprising 33 lots on which 10 homes are under construction. A subdivider called as a witness by applicant, testified that he intended to construct homes on all of the lots in both subdivisions as rapidly as acquisition of materials and financing permit. The record shows that all lots are owned by Mr. Hermann, applicant's president, who also owns the well site, well, pumping equipment and distribution mains of the water system now installed, as hereinafter further discussed. Applicant proposes to issue stock to and to receive \$5,000 cash from Mr. Hermann in exchange for such water system properties.

The source of water supply, which applicant proposes to acquire, consists of a drilled well, 425 feet in depth, in which is installed a pump driven by a 60 hp electric motor. The estimated production capacity of the well is 542 gallons per minute. The pump discharges into a 10,800-gallon, welded steel pressure tank which in turn, discharges into the distribution system. The pressure tank is

automatically controlled to maintain a pressure of from 40 to 55 pounds per square inch in the system.

A standby source of water supply has been applied for with the Muscoy Mutual Water Company which serves the territory immediately adjacent to applicant's proposed area along California Avenue, to the west thereof.

The distribution system consists of 1,600 feet of 4-inch, and 2,230 feet of 6-inch riveted steel, dipped pipe. This pipe has been installed in the service area but unused since about 1924. However, the record shows, field inspections indicate that the mains are in good operating condition. Other distribution mains will be installed throughout the subdivisions, and, when such installations have been effected, the system will be about 90% circulating. Fire hydrants will be installed in the area but no rate for fire hydrant service was requested to be established.

The record shows that the source of water supply was tested by San Bernardino Health Department authorities on June 19, 1951, and found to be potable.

From a review of the record as outlined above, it appears that the water supply which will be 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 other than by County Water Company which entered a protest but withdrew it when applicant amended its application with respect to the proposed service area as hereinbefore noted. Notices of the hearing were published in a newspaper of general circulation throughout the area.

Applicant requests authorization to file a rate for metered service as follows:

<u>Quantity Rate:</u>	<u>Per Meter Per Month</u>
First 1,000 cu. ft. or less	\$ 2.50
Over 1,000 cu. ft. per 100 cu. ft.15

<u>Minimum Charge:</u>	
For 5/8 by 3/4-inch meter	\$ 2.50
For 1-inch meter	5.00
For 1 1/2-inch meter	10.00

The record shows that applicant has not yet started in business as a public utility and for that reason no estimate of operating expenses or rate of return could be made. The proposed rates are higher than rates recently authorized by the Commission for newly organized public utility water systems of somewhat similar character in the same general vicinity, and therefore other and slightly lower rates which are considered reasonable will be authorized by the order herein.

With respect to applicant's request for permission to issue to W. J. Hermann 250 shares of its capital stock of the par value of \$100 per share in exchange for the conveyance of the water system and the payment by Mr. Hermann to applicant of \$5,000, this request appears to be reasonable and will be authorized by the order herein.

The estimated historical cost appraisal of properties proposed to be acquired by applicant, included in Exhibit No. 5 submitted at the hearing by the Commission staff engineer, shows a total fixed capital of \$18,677.44. The record shows that since the date of the appraisal certain other installations in the water system have been made, the cost of which, along with the total fixed capital set forth in the appraisal, will be covered by the exchange of stock and properties as proposed.

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 Delmann Water Company, a corporation, in an area comprising approximately 55 acres and including Tracts Nos. 3732 and 1741, in San Bernardino County, therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Delmann Water Company 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 10, 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 (4) 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 (4) 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 Delmann Water Company be and it hereby is authorized to issue stock in the amount of \$25,000 after the effective date hereof and on or before November 15, 1951, for the purposes as outlined in the opinion herein, 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 Delmann Water Company shall file with the Commission a report or reports as required by the

Commission's General Order No. 24A, 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 will be void if not exercised on or before November 15, 1951.

Dated at San Francisco, California, this 10th day of

July, 1951.

A. J. Anderson
James F. G. G. G.
Harold P. Hills
Wm. L. Hill

Commissioners.

EXHIBIT A
Page 1 of 1

Schedule No. 1

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, adjacent to and immediately west of the westerly limits of the City of San Bernardino along the west side of Cajon Boulevard south and east of the intersection of California Street and Cajon Boulevard, including Tracts Nos. 3432 and 1741, San Bernardino County.

RATES

Quantity Rates:	Per Meter Per Month
First 1,000 cu. ft. or less.....	\$ 2.00
Next 1,000 cu.ft., per 100 cu. ft.15
Over 2,000 cu.ft., per 100 cu. ft.12
Minimum Charge:	
For 5/8 x 3/4-inch meter.....	\$ 2.00
For 1-inch meter.....	5.00
For 1 1/2-inch meter.....	10.00

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