

Decision No. 46463

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 DESERT WATER COMPANY,)
 a California corporation,)
)
 (a) for Certificates of Public Conven-)
 ience and Necessity to Operate Public)
 Utility Water System under Section 50)
 of the Public Utilities Act, and)
 (b) for Order Fixing Rates for such)
 Water System under Section 32 of the)
 Public Utilities Act.)

Application No. 32789

Moss, Lyon & Dunn, by George C. Lyon, attorneys
for applicant; James F. Wilson, for the Commission
staff.

O P I N I O N

Desert Water Company, a corporation, by the above-
entitled application filed October 1, 1951, seeks a certificate
of public convenience and necessity to operate a public utility
water system to be known as its Morongo Valley (Granjas del
Norte) system in unincorporated territory located about 2 miles
north of the community of Morongo Valley, San Bernardino County,
California, and requests the establishment of rates for water
service.

A public hearing was held before Examiner Warner in
Morongo Valley, California, on October 24, 1951. This matter was
consolidated for hearing with Application No. 32518, Desert Water
Company, for an increase in rates in its entire Morongo Valley
system. At the hearing applicant withdrew its request for an
increase in its rates in order to gather further statistical
information, and Application No. 32518 was dismissed by the
Commission's Decision No. 46372 dated November 6, 1951.

Desert Water Company, a California corporation, is engaged in the operation of two public utility water systems in unincorporated territory near Victorville, another at Rim Forest in the San Bernardino Mountains, and a public utility water system in Morongo Valley, all in San Bernardino County, California, under certificates of public convenience and necessity granted by the Commission in its Decision No. 45467 dated March 20, 1951, in Application No. 31899 with respect to the Victorville and Rim Forest systems and Decision No. 41627 dated May 25, 1948, in Application No. 28751, with respect to the Morongo Valley system. A copy of its Articles of Incorporation was filed with the Commission in Application No. 28751.

Desert Water Company is an affiliate of Mountain Properties, Inc., a public utility water corporation serving about 6,000 consumers in 20 water systems in San Bernardino, Orange, and Los Angeles Counties. Applicant's president, John L. Lyon, is also president of Mountain Properties, Inc. and common corporate offices are maintained at 5724 Venice Boulevard, Los Angeles 35, California. Maintenance and repair crews and a warehouse are located in Santa Ana, California, and certain operating personnel are located in the community of Twenty-Nine Palms, San Bernardino County, about 35 miles east of Morongo Valley, and in Morongo Valley.

The service area for which a certificate is requested in the application herein being considered comprises about 160 acres located in the E $\frac{1}{2}$ of the W $\frac{1}{2}$, except the North 660 feet, of Section 14, Township 1 South, Range 4 East, S.B.B.& M., San Bernardino County, California, and is more particularly delineated on the map filed at the hearing as Exhibit No. 1-A and described in Exhibit No. 1-B. The proposed service area

consists of two tracts; one is subdivided into 52 five-acre parcels, and Tract No. 3153 into 31 lots. It also contains a small, unsubdivided area adjoining Tract No. 3153 on the west and on the north.

In accordance with the terms of a contract dated September 21, 1948, a copy of which was filed at the hearing as Exhibit No. 4, applicant acquired the water system which had been constructed by a subdivider, and also acquired the water tank premises, the pumping plant premises, and the easement to pipe lines, by a grant deed from Pioneer Title Insurance and Trust Company of San Bernardino, California, a copy of which was filed at the hearing as Exhibit No. 2. At the present time applicant is furnishing water service to 18 consumers whose homes are scattered throughout the area. The terrain is hilly and slopes up from south to north. One small store is located in the proposed area.

Applicant's source of water supply is a well located within the service area, 167 feet deep, 8 inches in diameter, in which is installed a pump driven by a 7½ hp electric motor. A 5 hp booster pump is installed at the ground surface. Operation of the well pump is automatically controlled. The capacity of the well is estimated to be about 250 gallons per minute. Water obtained from the well is part of the Morongo Valley drainage of the southeast slope of the San Bernardino Mountains below Mt. San Gorgonio. Exhibit No. 3, a copy of a San Bernardino County Health Department report, shows that the water has been tested for potability and found to be free of contamination.

Water is pumped from the well to the highest elevation of the area into a 10,000-gallon steel storage tank, from which it flows into the distribution system at operating pressures of between 25 and 95 pounds per square inch.

The distribution system, as shown in detail on the map attached to Exhibit No. 1, consists of 4,290 feet of 6-inch steel welded pipe, 5,610 feet of 4-inch steel welded pipe and 1,624 feet of 3-inch steel welded pipe.

There are no other public utilities of like character in the vicinity with which applicant might compete and no franchise is required by San Bernardino County for the operation of the system.

All services are metered and applicant has been charging and proposes to charge the same general service metered rates as those in effect in the section now served by applicant in Morongo Valley. These rates have been in effect since June 14, 1948, and include a monthly minimum charge of \$2 for a 5/8 x 3/4-inch meter and quantity rates of \$0.25 per 100 cu.ft. for the first 1,000 cu.ft.; \$0.20 per 100 cu.ft. for the next 3,000 cu.ft.; and \$0.15 per 100 cu.ft. for all over 4,000 cu.ft.

A witness for applicant testified that the cost of the pipe lines to the subdivider of the area, including the installation costs, was \$14,462; that the cost, including installation, of the pump, tank and fittings was \$1,718; and that the cost of the well was \$1,000; a total of \$17,180. This amount has been carried on applicant's books under Account No. 28-A, Consumers' Advances for Construction, and is to be refunded out of 25% of the gross revenues deriving from the operation of the water system in the area over a 10-year period.

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

The Commission has considered the request by Desert Water Company for a certificate of public convenience and necessity to serve the area to be known as its Morongo Valley (Granjas del Norte) system 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 Desert Water Company, a corporation, in an area comprising approximately 160 acres and including 52 five-acre parcels and Tract No. 3153, San Bernardino County, of 31 lots, and an additional unsubdivided area adjoining Tract No. 3153 on the west and north; all in the E $\frac{1}{2}$ of the W $\frac{1}{2}$, except the North 660 feet, of Section 14, Township 1 South, Range 4 East, S.B.B.& M.; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Desert 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 be and is authorized to apply its presently filed rates applicable to its Morongo Valley system to its Morongo Valley (Granjas del Norte) system, and, on not less than five (5) days' notice to the Commission and the public, to make said rates effective throughout that system for services rendered on and after December 22, 1951.

IT IS HEREBY FURTHER ORDERED 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 in its Morongo Valley (Granjas del Norte) system.

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

Dated at Los Angeles, California, this 27th day of November, 1951.

[Signature]
President.

[Signature]

[Signature]

[Signature]
Commissioners.