

A public hearing in this matter was held before Examiner Warner in San Bernardino, California, on November 28, 1951.

Desert Water Company, a California corporation, operates two public utility water systems in Morongo Valley, San Bernardino County, California, known as its Morongo Valley Water System and its Morongo Valley (Granjas del Norte) Water System, under certificates of public convenience and necessity granted by the Commission's Decision No. 41627, dated May 25, 1948, in Application No. 28751, and by the Commission's Decision No. 46463, dated November 27, 1951, in Application No. 32789, respectively. It also operates the aforementioned Victorville Water Systems, Nos. 1 and 2, and a water system at Rimforest in the San Bernardino Mountains in accordance with a certificate of public convenience and necessity granted by the Commission's Decision No. 45467, dated March 20, 1951, in Application No. 31899.

Desert Water Company is an affiliate of Mountain Properties, Inc., a public utility water corporation which furnishes water service to about 6,000 consumers in 20 separate 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 a 24-hour emergency water service telephone is maintained in Victorville for the use of consumers in the Victorville Water Systems Nos. 1 and 2 as presently constituted and proposed to be enlarged by the application herein, and No. 3 as proposed by this application.

The present and proposed territories included in the Victorville Water System service areas are shown in the following tabulation:

PRESENT AND PROPOSED VICTORVILLE WATER SYSTEM SERVICE AREAS

<u>Water System Designation</u>	<u>Service Area</u> (S.B.B. & M.)
<u>Victorville Water System No. 1</u>	
<u>Present</u> (Certificated by Decision No. 45467, dated March 20, 1951, in Applica- tion No. 31899)	Secs. 16, 21, & 22 T4N R3W.
<u>Victorville Water System No. 2</u>	
<u>Present</u> (Certificated by Decision No. 45467, dated March 20, 1951, in Applica- tion No. 31899)	Secs. 15, 16, 21, & 22 T5N R4W
<u>Proposed</u> (Certificate applied for herein)	Secs. 8, 17, 19, & 20 T5N R4W Secs. 24 & 25 T5N R5W
<u>Victorville Water System No. 3</u>	
<u>Proposed</u> (Certificate applied for herein)	Sec. 16 T4N R2W

The applications for certificates to serve the proposed enlarged service area of Victorville Water System No. 2, and the proposed service area of Victorville Water System No. 3 are discussed separately as follows:

Proposed Enlargement of Victorville Water System No. 2
Service Area

The proposed enlargement of Victorville Water System No. 2 includes all of Sections 8, 17, 19 and 20, Township 5 North, Range 4 West, S. B. B. & M., and Sections 24 and 25, Township 5 North, Range 5 West, S. B. B. & M., a total of 3,840 acres.

Section 8 is being subdivided by a Mr. Whyar who has submitted preliminary subdivision plans to applicant and has requested applicant to furnish water service to the subdivision. The record

shows that Mr. Whyar has contracted with Myers Construction Company to construct homes in the proposed subdivision; such subdivision to comprise 754 lots. Applicant plans to drill a well in Section 8 but the water system to be installed will be cross-connected with applicant's present Victorville Water System No. 2 in Section 16, Township 5 North, Range 4 West, S. B. B. & M. The present water system is supplied by two wells in which are installed two pumps with a production capacity of 500 gallons per minute. These wells have an estimated production capacity of 1,000 gallons per minute, each, and the record shows that the pumping facilities installed therein could be enlarged if that were found at a later date, to be necessary.

Section 17 will also be supplied from the present water system in Section 16. Water service is now being furnished to the fair grounds which are located, partly, in Sections 16 and 17.

Section 20 is unimproved at the present time. It is owned by the Rubolo Corporation which has submitted a preliminary subdivision map to applicant and has requested water service for a proposed subdivision.

Sections 19, 24, and 25, which adjoin Section 20 to the west and southwest, are owned and being subdivided by Omart Investment Company, Ltd. The south half of Section 19 has been subdivided as Tract No. 3737, San Bernardino County. Tract No. 3737 comprises 245 lots on which 18 houses have been completed and on which 15 houses are under construction. The southerly portion of Section 24 has been assigned by the San Bernardino County Planning Commission the preliminary subdivision number of Tract No. 3786, and the northerly portion of Section 25 has been assigned the preliminary subdivision number of Tract No. 3714. The subdivider has submitted

preliminary maps to applicant for the latter's use in estimating the cost of additional pipe lines to serve Tracts Nos. 3737, 3786, and 3714. Applicant's witness, John L. Lyon, President, estimated that the cost to complete pipe-line installations in Tract No. 3737 and install feeders from a well proposed to be drilled by applicant in Section 24, and the cost to make the present and proposed water system in Sections 19, 24 and 25 completely circulating, would be \$45,660.

The present source of water supply to Tract No. 3737 is a 12-inch well, 553 feet deep, drilled in March, 1950, located on Lot 65 in the extreme northeasterly corner of the tract. The tested production capacity of the well is 1,100 gallons per minute but it now has installed in it a 15-hp electrically driven pump with a production capacity of 250 gallons per minute. This well will be cross-connected to applicant's presently operating two wells of its Victorville Water System No. 2 in the southwest 1/4 of Section 16. This proposed cross-connection will involve the laying of about 1½ miles of pipe but will provide applicant with an alternate source of water supply.

A laboratory report of the San Bernardino County Health Department dated May 15, 1951, shows that the water in the well in Tract No. 3737 was tested on that date and found to be free of bacterial content. The distribution system now installed in Tract No. 3737 (Section 19) comprises 6,245 feet of 4-inch and 2,035 feet of 6-inch transite pipe, a 2,000-gallon pressure tank, 9 fire hydrants, and 18 service connections.

Exhibit No. 6 filed at the hearing, is a copy of a Corporation Grant Deed from Victorville Poultry Ranchos to applicant for the well site in Tract No. 3737. Applicant's witness testified

that all necessary easements and rights of way in Sections 8, 17, 19, 20, 24, and 25, have been or would be secured from property owners for the operation of the proposed water system. No franchise is required by San Bernardino County for the operation of the water systems.

The record shows that no public utilities of like character with which applicant might compete are located in the area.

Applicant's investment in fixed capital in Tract No. 3737 as of November 8, 1951, as recorded on its books, is set forth in Exhibit No. 8, Appraisal of Properties, submitted by the Commission's staff engineering witness as follows:

APPRAISAL OF PROPERTIES
AS OF NOVEMBER 8, 1951
(Per PUC Exh. No. 8)

<u>Ac. No.</u>	<u>Item</u>	<u>Estimated Historical Cost, Including Overhead</u>
C-1-4	Intangible Capital	\$ 300.00
C-5	Landed Capital	500.00
C-6	Buildings	220.00
C-10	Well	5,196.40
C-14	Pumping Equipment	2,822.90
C-18	Distribution Mains	12,958.02
C-19	Distribution Tanks	1,059.21
C-20	Hydrants	476.59
C-21	Services	43.73
	Total	<u>23,576.85</u>

Reserve for depreciation on the above-listed properties is shown as \$804.25.

From a review of the record regarding the sources of water supply and the distribution system installed and proposed to be installed, it appears that they are adequate to serve the proposed area.

The record shows that costs of installation of the water systems in the proposed enlarged service area of Victorville Water System No. 2 have been and will be advanced to applicant by each

subdivider, subject to a refund of 35% of the gross revenues deriving from the subdivisions over the following 10 years.

Applicant is now charging a flat rate of \$3 per month to the consumers in Tract No. 3737; however, applicant's witness, when informed by the Commission staff witness that applicant's presently filed flat rates of a minimum monthly charge of \$3 per month, plus an area charge of \$0.03 for each additional 100 sq. ft. of lot area, for a lot 165 feet by 300 feet, would result in a total monthly flat rate bill of \$14.85, stipulated that applicant would immediately install meters throughout the proposed area and would apply its presently filed general metered service rates, solely. Applicant's present general metered service rates for Victorville Water System No. 2 were established by the Commission's Decision No. 45467, dated March 20, 1951, in Application No. 31899. They include a minimum charge of \$3 per meter per month with a quantity charge of 25 cents per 100 cu. ft. per meter per month for the first 1,000 cu. ft., 20 cents per 100 cu. ft. for the next 3,000 cu. ft., and 15 cents per 100 cu. ft. for all over 4,000 cu. ft. These rates are considered to be reasonable for the enlarged area as well and applicant will be authorized by the order herein to file a new tariff sheet with the territorial clause amended to include the proposed enlarged service area territory for its Victorville Water System No. 2 in Sections 8, 17, 19, and 20 of Township 5 North, Range 4 West, and in Sections 24 and 25, Township 5 North, Range 5 West, as applied for.

Victorville Water System No. 3

The service area of applicant's proposed Victorville Water System No. 3 is located about 4 miles east of applicant's present Victorville Water System No. 1 and in Section 16, Township 4 North,

Range 2 West, and comprises 640 acres. The section is owned by a Mr. Drew Bernard, who has requested applicant to furnish water service, and has entered into an oral agreement with applicant for the installation of a water system, throughout the section. The section will be subdivided into large parcels of land, comprising one to ten acres each, and the subdivider will advance all costs of the drilling of a well, installation of pump and distribution mains, services, and all other water system facilities; the total of such advanced costs incurred by the subdivider to be subject to a refund to the subdivider by applicants over a 10-year period, of 35% of the revenues arising from the water system in the subdivision. Applicant's witness stated that it has employed Scoggins Drilling Company, a well-drilling concern, to survey the area, and that a report by the drilling company to applicant had indicated that a well, producing 1,000 gallons per minute, could be developed in the section at a depth of between 300 and 350 feet. It remains for applicant to acquire the ownership of a lot, upon which such water has been developed, in order to assure applicant of a permanent source of water supply. Applicant proposes to apply its presently filed general metered service rates (as established by the Commission in Decision No. 45467) in its proposed Victorville Water System No. 3, and to operate this system in conjunction with its Victorville Water Systems Nos. 1 and 2. It appears that applicant's plans to furnish water service to Section 16 as its Victorville Water System No. 3 are substantially well-founded, and the Commission will grant, by supplemental order herein, applicant's request for a certificate to serve the area, provided that applicant shall file with the Commission, in writing, a report acceptable to this Commission of the development of an adequate water supply for its Victorville Water System No. 3 when such water supply has been developed.

The Commission has considered the request for certificates of public convenience and necessity and is of the opinion that they should be granted, subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of these certificates of public convenience and necessity or the right to own, operate or enjoy such certificates 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 certificates 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 Desert Water Company.

O R D E R

The above-entitled application as amended 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 public utility water systems by Desert Water Company, a corporation, in an area immediately adjoining and to be a part of its present Victorville Water System No. 2 on the west, comprising Sections 8, 17, 19 and 20, Township 5 North, Range 4 West, and Sections 24 and 25, Township 5 North, Range 3 West, and in the area described in the opinion herein as its Victorville Water System No. 3, in San Bernardino County, California, said areas being more particularly delineated and indicated on the map filed at the hearing as Exhibit No. 1; 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 territories hereinbefore described, subject to the condition, with respect to its Victorville Water System No. 3, that applicant shall file with the Commission, in writing, a report of the final development of an adequate water supply within Section 16, Township 4 North, Range 2 West, and on land deeded to applicant, and subject to the condition that no certificate of public convenience and necessity to operate a public utility water system in applicant's Victorville Water System No. 3 shall be considered to have been granted to Desert Water Company until such report shall have been filed, and if acceptable to this Commission, a supplemental order shall have been issued herein.

IT IS HEREBY FURTHER ORDERED that:

1. Applicant be and is authorized to refile its presently filed Tariff Schedule No. 2, General Metered Service, to include the territories described herein as the enlargement of applicant's Victorville Water System No. 2, to be effective coincident with inauguration of service, together with revised Tariff Service Area maps applicable thereto acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. 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 the properties in its combined present and proposed Victorville Water System No. 2 described herein.

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

Dated at San Francisco, California, this 18th day of December, 1951.

R. T. [Signature]
President.

Justin J. [Signature]

Harold [Signature]

Norman [Signature]

[Signature]
Commissioners.