

ORIGINAL

Decision No. 46992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)  
of

B. V. WATER COMPANY

For a Certificate of Public  
Convenience and Necessity and  
Permission to Purchase Assets. )

Application No. 33001  
(Amended)

Houston A. Snidow, attorney for applicant;  
R. E. Sutherland and A. L. Gielegem for the  
Commission staff.

O P I N I O N

B. V. Water Company, a corporation, by the above-entitled application filed December 20, 1951, and amended February 19, 1952, seeks a certificate of public convenience and necessity to construct and operate a water system in three separate areas in unincorporated territory in the vicinity of Lancaster and Palmdale, Los Angeles County. The establishment of a flat rate for water service, a permanent general metered service rate and a temporary irrigation service rate, authority to issue a \$5,000 note, and permission to purchase assets were also requested.

The areas for which a certificate is requested are shown in general on Exhibit J attached to the original application and they are shown in detail on Exhibit A of the original application for Tract No. 8597 known as East Palmdale Ranchos, Los Angeles County, and on Exhibit A attached to the amended application for Tract No. 15497, Los Angeles County, known as Palmdale Poultry Ranchos, and on Exhibit B attached to the amended application for

the subdivisions, adjacent to the original service area, known as Country Club No. 2, Antelope Ranchos, Sunset Ranchos and Joshua Estates.

A public hearing in this matter was held before Examiner Warner on March 5, 1952, at Lancaster.

B. V. Water Company is a corporation organized under the laws of the State of California and its Articles of Incorporation were filed with Application No. 29361 in which proceeding the Commission by its Decision No. 42034, dated September 14, 1948, granted the company a certificate of public convenience and necessity to operate a public utility water system in its original service area, known as Belleview Estates, also shown on Exhibit B attached to the amended application.

Original Service Area (Belleview Estates), Country Club No. 2, Antelope Ranchos, Sunset Ranchos and Joshua Estates

The company now serves 92 consumers in its original service area (Belleview Estates) which comprises 503 lots and in which 12 new homes are under construction. The source of water supply for the original area is a well 500 feet deep with a 14-inch casing in which is installed a pump driven by a 30 hp electric motor. The plant produces 240 gallons of water per minute and discharges it into a 32,000-gallon pressure tank which is connected to the distribution system. On August 1, 1949, applicant filed Schedule No. 2, a temporary optional metered service rate which effected a reduction in its then filed Schedule No. 1, General Metered Service Rate. The temporary rates were effective until July 31, 1950. Applicant now requests the establishment of those temporary rates on a permanent basis except for a proposed change in the monthly minimum charge for larger meters, and except for a proposed change of the minimum charge from an annual basis to a monthly basis.

For some time applicant has been extending its water system into areas adjacent to its original service area and has been furnishing water service in Country Club No. 2, a subdivision containing 32 lots in which there are now five consumers but no houses under construction; Antelope Ranchos, containing 16 lots in which there are now six consumers but no houses under construction; Sunset Ranchos containing 86 lots in which there are now 66 consumers but no houses under construction; a total of 169 consumers on 637 lots. In addition thereto, applicant has been furnishing water service to Joshua Estates Mutual Water Company since July, 1949, through a master meter and through some 2,800 feet of 6-inch pipe constructed, installed and owned by the mutual company. There are 64 consumers in the Joshua Estates on 288 lots and four houses are under construction.

In the summer of 1951 applicant's president, J. W. Jenson, purchased the south half of Lot 11 on Antelope Ranchos and donated a portion of said lot to applicant. A well was drilled and pump installed for standby purposes. This well is 300 feet in depth with a 12-inch casing in which is installed a pump driven by a 20 hp electric motor. This installation has a production capacity of 420 gallons of water per minute. This well is interconnected with the afore-mentioned 32,000-gallon storage tank located in the original service area. Applicant's witness Jenson testified that applicant owned easements for the installation of pipe lines throughout its original service area and the subdivisions adjacent thereto as heretofore described.

Los Angeles County Health Department authorities have made monthly laboratory tests of applicant's sources of water supply and all tests have been negative.

At a meeting of the shareholders of Joshua Estates Mutual Water Company on January 3, 1952, a majority of said shareholders voted unanimously to sell, for the sum of \$1,500, the assets of the mutual company to applicant, the sale to be based on applicant's subdivision extension rule providing for the refund of the sale price out of 35% of the gross revenues derived from the sales of water in Joshua Estates over a period of 10 years. The acquisition by applicant of the assets of Joshua Estates Mutual Water Company and the plan for its financing appear to be in the public interest and the certificate of public convenience and necessity granted by the order herein will include, among other subdivisions, the Joshua Estates subdivision.

From a review of the record it appears that the sources of water supply to, and the distribution system installed in, applicant's original service area, Antelope Ranchos, Country Club No. 2, Sunset Ranchos and Joshua Estates, are adequate to serve those subdivisions.

#### Palmdale Poultry Ranchos

The second area for which applicant has requested a certificate of public convenience and necessity is known as Palmdale Poultry Ranchos, Tract No. 15497, Los Angeles County, comprising 160 acres which have been subdivided into 27 five-acre lots. There are now 10 consumers, and three houses are under construction. Approximately 5,000 to 10,000 chickens are being raised in this area and all water service is being furnished on a flat rate of \$2 per month. However, applicant requests the establishment of a flat rate of \$2.50 per month. The source of water supply is a well located on the southwest corner of Lot 27, 500 feet in depth, with a 12-inch casing in which is installed a pump driven by a 55 hp gasoline motor. The plant has a production capacity of 650 gallons of water per minute. A

16,000-gallon storage tank is installed on the distribution system. A 7½ hp booster pump discharges water from the storage tank through a 2,500-gallon pressure tank into the distribution system.

The record shows that applicant has obtained easements for pipe-line installations.

The source of water supply in Palmdale Poultry Ranchos has been tested periodically by the Los Angeles County Health Department authorities and found to be free of contamination and to be potable.

From a review of the record it appears that the source of water supply and distribution system are adequate to serve the Palmdale Poultry Ranchos area.

Tract No. 8597 (East Palmdale Ranchos)

The third area for which applicant has applied for a certificate of public convenience and necessity to construct and operate a water system includes Tract No. 8597 and is known as East Palmdale Ranchos. It comprises 420 acres situated approximately 9 miles northeast of Palmdale, Los Angeles County. A portion of the area has been subdivided into 64 lots upon which 21 houses are now under construction. There are no water consumers at present. Approximately 60 acres of land are under cultivation in alfalfa, and applicant requests the establishment of a temporary irrigation service rate applicable to the period April 1, 1952, to December 31, 1952, only. Under the circumstances, a temporary rate will be established for this class of service.

The water system installed in this tract includes a well located on Lot 28 which is 400 feet in depth and is 14 inches in diameter and in which is installed a pump operated by a 50 hp electric motor. This plant has a production capacity of 525 gallons per minute. Applicant proposes to install a 42,000-gallon storage

tank and a 2,500-gallon pressure tank, together with a 7½ hp booster pump to provide adequate pressure. An additional well located in the southeast portion of Lot 42 is 285 feet in depth but is not equipped with pumping facilities. The distribution system installed consists of 18,680 feet of 8-, 6-, 4-, 3- and 2-inch pipe.

Applicant has contracted with Wilchris Land Corporation, subdividers of the tract, for the purchase for \$5,000 of the wells, pump, storage tanks and distribution system installed and proposed to be installed.

From a review of the record it appears that the sources of water supply and the distribution system installed and proposed to be installed are adequate to serve Tract No. 8597.

Applicant's request for permission to issue a note secured by a deed of trust on a portion of Lot 28 to the Wilchris Corporation in the amount of \$5,000, payable on December 4, 1956, with interest thereafter at the rate of 6 per cent per annum, payable semiannually, in consideration of the purchase of the water system properties, appears to be reasonable and will be granted by the order herein.

The request for permission to enter on its books the estimated historical costs of properties to be acquired as shown in Exhibits E, F, and G attached to the amended application, and to record on its books as unearned surplus the difference between such estimated historical costs and the actual cost, also appears to be reasonable and will be granted by the order herein. Applicant should file with the Commission the proposed journal entries to effect such recordings.

While applicant requests the establishment of a flat rate for domestic water service of \$2.50 per month for each

residence including one lot of 8,000 square feet or less, and \$0.02 for each additional 100 square feet of lot irrigated, the record shows that it is proposed to install meters as rapidly as they can be obtained and as soon as their purchase can be financed. The general metered service rate proposed to be established in Exhibit No. 2 effects no change in the rate presently being charged for metered water service. After a careful review of the record in this proceeding and after considering the present operating conditions of applicant, the order herein will authorize the filing of the schedules of rates as applied for.

Several consumers in the original service area and in the Country Club No. 2 area, appeared at the hearing to complain about the size of their water bills over the past year. However, they did not complain about the rates for water service. Applicant will be expected to make an investigation of each of these complaints to determine whether there is excessive water consumption due to leaks on the consumer's premises, faulty meter recording, large water usage by the consumer or some other cause. The results of such investigations will be submitted in writing to the Commission.

No public utilities of like character with which applicant might compete are located in or adjacent to any of the proposed areas in this application, and no protests to the granting of the application were entered by any party.

The Commission has considered the application of B. V. Water Company for a certificate of public convenience and

necessity to extend its water 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

B. V. Water Company, a corporation, having applied for a certificate of public convenience and necessity, for the establishment of rates, for authority to issue a note, and for permission to purchase assets, 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 require the construction and operation of a public utility water system by B. V. Water Company in the unincorporated territory in the vicinity of Lancaster and Palmdale, Los Angeles County, known as Country Club No. 2, Antelope Ranchos, Sunset Ranchos and Joshua Estates, as shown in Exhibit B attached to the amended application and in Palmdale Poultry Ranchos, Tract No. 15497, as shown in Exhibit A attached to the amended application, and in East Palmdale Ranchos, Tract No. 8597 as shown on Exhibit A attached to the original application; and,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates



in so far as they differ from those herein prescribed are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it is granted to B. V. Water Company to construct and operate a public utility water system in the areas hereinbefore described.
2. 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 three (3) days' notice to the Commission and the public, to make such rates effective for services rendered on and after May 1, 1952.
3. 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.
4. Applicant shall file, coincident with the rate filing ordered herein, four copies of a tariff service area map acceptable to the Commission and in accordance with the requirements of General Order No. 96.
5. Applicant is authorized to set up on its books of account the estimated historical cost of its facilities as shown in Exhibits E, F and G attached to the amended application and shall record on its books as unearned surplus the difference between such estimated costs and the actual cost.
6. Applicant is authorized for the purpose indicated herein, to issue a note to the Wilchris Corporation in the amount of \$5,000, payable, principal and interest, as set forth in the preceding opinion, and to execute a deed of trust to secure the payment of said note, the Commission being of the opinion that the money, property or labor to be procured or paid for through the issuance of said note is reasonably required by B. V. Water Company for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
7. The authority herein granted to issue a note will become effective when applicant has paid the fee prescribed by Section 1904 of the Public Utilities Code, which fee is \$25. In other respects the authority herein granted will become effective twenty (20) days after the date hereof.

EXHIBIT A  
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## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all measured water service.

TERRITORY

Throughout the authorized service area including Belleview Estates, Country Club No. 2, Antelope Ranchos, Sunset Ranchos, Joshua Estates, Palmdale Poultry Ranchos (Tract No. 15497), and East Palmdale Ranchos (Tract No. 8597), all in unincorporated territory in the vicinity of Lancaster and Palmdale, Los Angeles County.

RATES

Quantity Rates:	Per Meter Per Month
First 800 cu. ft. or less .....	\$2.00
Next 1,200 cu. ft., per 100 cu. ft. ....	.20
Over 2,000 cu. ft., per 100 cu. ft. ....	.15
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.00
For 3/4-inch meter .....	3.00
For 1-inch meter .....	4.00
For 1 1/4-inch meter .....	7.50
For 2-inch meter .....	12.00

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

EXHIBIT A  
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Schedule No. 2

MONTHLY FLAT RATE

APPLICABILITY

Applicable to all unmeasured water service.

TERRITORY

Throughout the authorized service area including Belleview Estates, Country Club No. 2, Antelope Ranchos, Sunset Ranchos, Joshua Estates, Palmdale Poultry Ranchos (Tract No. 15497), and East Palmdale Ranchos (Tract No. 8597), all in unincorporated territory in the vicinity of Lancaster and Palmdale, Los Angeles County.

RATES

	<u>Per Month</u>
For each residence, including one lot of 8,000 sq. ft., or less, per service .....	\$2.50
For each additional 100 sq. ft. of lot area irrigated .....	.02

Meters may be installed at the option of the utility or the customer for the above classification, in which event service will be rendered on the basis of the General Metered Service rates.

EXHIBIT A  
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Schedule No. 3

IRRIGATION SERVICE  
(Temporary)

APPLICABILITY

- (1) Applicable to all measured irrigation water service.
- (2) Applicable only to water surplus to domestic needs.
- (3) Applicable for the period April 1, 1952, to December 31, 1952.

TERRITORY

Throughout the authorized service area including only these portions under cultivation of lots 1, 2, 9, 10, 17, 18, 19, 23, 26, 28, 33, 34, 41, and 42, in Tract No. 8597, known as East Palmdale Ranchos, Los Angeles County.

RATES

Per miner's inch-hour ..... \$0.04

SPECIAL CONDITIONS

- 1. No irrigation service will be furnished at these rates for less than a 1-acre plot.
- 2. The above irrigation rate will apply only during the irrigation season of 1952, after which, if irrigation service is desired, this schedule will be subject to revision or change on approval of the California Public Utilities Commission.

6. Applicant shall file with the Commission a report, or reports, 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.

Dated at San Francisco, California, this 14<sup>th</sup> day of April, 1952.

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President.  
*Justin F. Casner*  
\_\_\_\_\_  
*Harold P. Kuls*  
\_\_\_\_\_  
*Samuel W. Pottier*  
\_\_\_\_\_  
*John E. [unclear]*  
Commissioners.

