

ORIGINAL

Decision No. 49409

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THUNDERBIRD WATER COMPANY, for)
 authority to issue capital stock)
 and promissory notes, to enlarge) - Application No. 34703
 its service area; and for certifi-)
 cate of public convenience and)
 necessity in the additional area.)

Thompson and Colegate, by Roy W. Colegate,
 attorneys for applicant. ✓
James F. Wilson and Theodore Stein, for
 the Commission staff.

O P I N I O N

Thunderbird Water Company, a corporation, by the above-entitled application filed September 8, 1953, seeks a certificate of public convenience and necessity to extend its water system in unincorporated territory about 10 miles southeast of Palm Springs, Riverside County. It also seeks authority to issue stock and a promissory note. The area for which a certificate is requested is delineated on the map, Exhibit C, attached to the application.

A public hearing in this matter was held before Examiner Warner on November 17, 1953, at Palm Springs.

General Information

Thunderbird Water Company was granted a certificate of public convenience and necessity to construct and operate a public utility water system by Decision No. 39885, dated January 21, 1947, in Application No. 27310. The area covered by that certificate included all of Section 11, Township 5 South, Range 5 East, S.B.B.&M. Authority was granted by said decision to issue stock to finance the acquisition and construction of the first unit of its

water system and for working capital. The authority to issue stock was never exercised. Rates for water service were also established.

At the present time applicant is furnishing water service to 37 consumers and a golf course and hotel.

Request to Extend Service Area

Applicant now requests authority to extend its service area into an additional 80 acres comprising the north half of the northwest quarter of Section 12, Township 5 South, Range 5 East, S.B.B.&M. This territory is immediately adjacent and contiguous to applicant's present service area on the northeast. The water system facilities to furnish water service throughout the area are installed and include a well in which is installed a pumping plant with a production capacity of 1,039 gallons per minute. Said well is connected to applicant's other well, which has a pumping plant installation with a production capacity of 1,026 gallons per minute, by a 10-inch main. Other pipe-line facilities are shown on Exhibit C.

From a review of the record it appears that the sources of water supply and the storage, and distribution pipe-line facilities installed in the proposed area are adequate for the service thereof.

Request to Issue Stock and Promissory Note

At the hearing applicant modified its application to request that authority be granted to issue 500 shares of capital stock of the par value of \$100 per share, and of an aggregate par value of \$50,000, and to issue an unsecured promissory note in the amount of \$25,000, payable \$2,500 annually for a period of 10 years, bearing an interest rate of five per cent. Stock will be sold and the note will be issued to Thunderbird Ranch, a corporation, in payment in part of advances to applicant from Thunderbird Ranch

in the net amount of \$76,337.82 as shown on applicant's balance sheet as of July 31, 1953, submitted as Exhibit 2 at the hearing. The record shows that said advances were made by the ranch over a period of years for the costs of water system facilities now owned by the utility company.

Conclusion

The Commission has considered this application 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 filed, 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 that Thunderbird Water Company, a corporation, be granted a certificate of public convenience and necessity to construct and operate a public utility water system in the area delineated on the map, Exhibit C, attached to the application; therefore,

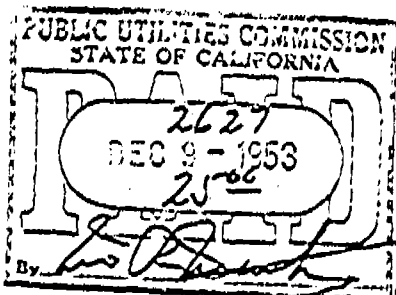
IT IS HEREBY ORDERED as follows:

1. That Thunderbird Water Company, a corporation, be and it is granted a certificate of public convenience and

necessity to construct and operate a public utility water system in the area described hereinabove.

2. That applicant be and it is authorized to apply its presently filed rates for water service in the area for which a certificate is granted by this order.
3. That applicant shall, within thirty days after the effective date of this order, amend its presently filed tariff schedules, in conformity with General Order No. 96, to provide for the application of said tariff schedules for water service in the area certificated by this order.
4. That applicant shall file, within forty days after the effective date of this order, four copies of a comprehensive map drawn to an indicated scale not smaller 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.
5. That applicant be and it is authorized to issue and sell 500 shares of its capital stock of a par value of \$100 per share, and of an aggregate par value of \$50,000, to Thunderbird Ranch, a corporation, and to issue its unsecured promissory note in the amount of \$25,000, payable \$2,500 annually, bearing five per cent interest, to said Thunderbird Ranch for the purposes indicated in the opinion preceding this order, the Commission being of the opinion that the money, property or labor to be procured or paid for by the issuance of such stock and promissory 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.
6. That Thunderbird Water Company 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.
7. That the authority herein granted will be void if not exercised on or before May 31, 1954.
8. That the authority herein granted will become effective when Thunderbird Water Company has paid the minimum fee prescribed by Section 1904 of the Public Utilities Code which fee is \$25.

Dated at San Francisco, California, this 9th day of December, 1953.



[Signature]
President
[Signature]
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Commissioners