

ORIGINALDecision No. 49824

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 DESACRES WATER CO. for a certificate)
 of public convenience and necessity)
 to operate a public utility water)
 system in the County of Los Angeles,) Application No. 35092
 under Section 1001 of the Public)
 Utilities Code; and to issue stock)
 and establish rates for water to be)
 furnished for domestic purposes.)

F. T. Leonetti, attorney for applicant.
Victor Mishelle, Mrs. Delacy Coleman,
Mrs. Joseph Fallenbuchel and Emil Jucker,
 interested parties.
Theodore Stein, James F. Wilson and Robert Mann,
 for the Commission staff.

O P I N I O N

Desacres Water Co., a corporation, by the above-entitled application filed January 21, 1954, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in unincorporated territory in Antelope Valley, Los Angeles County. The establishment of rates and permission to issue stock are also sought.

A public hearing in this matter was held before Examiner Warner on March 3, 1954 at Los Angeles. No protests to the granting of the application were entered at the hearing.

General Information

Desacres Water Co. filed its Articles of Incorporation with the Secretary of State on June 30, 1950. A copy of said articles was filed with the Commission in Application No. 31677 on August 14, 1950. Applicant's officers and directors are J. B. Henderson, President, F. T. Leonetti, Vice President, and S. H. Emerson, Secretary. Its principal office is 4121 Wilshire Boulevard, Los Angeles 5.

The area for which a certificate is requested comprises 98 one- and two-acre lots of a subdivided tract in Antelope Valley described as Desacres Unit No. 1, shown in Records of Survey No. 1702, filed in Records of Survey Book No. 64, pages 38, 39 and 40, in the office of the County Recorder of Los Angeles County. The area is located about 5½ miles southeast of Palmdale and is bisected by State Highway 138 from Gorman to San Bernardino. ⁽¹⁾ The terrain is level, semidesert resort land and has been developed and will be sold for residential and business purposes. As of the date of the hearing, six or seven lots were occupied and were being furnished water service without charge. Parcels 91, 92 and 93 contained 68 spaces for trailers, of which 33 were to be equipped for trailers by March 31, 1954, and of which 16 were occupied by trailers.

Sources of Water Supply

Applicant's proposed source of water supply comprises one well located on the southwest corner of 57th Street and Fort Tejon Road. Said well is equipped with a pump driven by a 40 hp electric motor. The tested production capacity of the presently installed pumping plant installation is in excess of 364 gallons per minute. Water is discharged from the pump into a 9,000-gallon pressure tank, and from there into the distribution pipeline system. Said system comprises 6-, 4-, 3- and 2-inch pipe which is interconnected, thus providing a completely circulating water system. All pipelines are installed in easements granted for that purpose.

Acquisition of Water System and Proposed Financing

Applicant proposes and requests authority to issue 190 shares of no par common stock to S. H. Emerson and J. B. Henderson Co., Ltd., a corporation, in exchange for the water system properties

(1) As shown on the map included in Exhibit I filed at the hearing.

in accordance with the terms of an agreement dated December 29, 1953, a copy of which was attached to the application as Exhibit A. Said water system properties were appraised for a total sound value of \$16,400 as shown in Exhibit B attached to the application. The record shows that sound value is historical and estimated historical cost, less depreciation. Applicant's witness stated that S. H. Emerson and J. B. Henderson Co., Ltd., owners and subdividers of Desacres Unit No. 1 would lend additional funds to applicant on an open account for the maintenance, operation and further construction of the water system as necessary.

Rates

Applicant proposes to charge the flat and general metered service rates included in the application as Exhibits E and F. They are summarized as follows:

FLAT RATES

<u>Quantity Charge</u>	<u>Per Month</u>
For each residence	\$3.50
For each additional residence or commercial establishment through the same service connection ..	1.50
For each commercial establishment on a single service connection	3.00

GENERAL METERED SERVICE RATES

<u>Quantity Charge</u>	<u>Per Meter</u> <u>Per Month</u>
First 1,000 cu. ft. or less	\$3.00
Next 2,000 cu. ft., per 100 cu. ft.25
Over 3,000 cu. ft., per 100 cu. ft.20

Applicant intends to furnish flat rate service until the establishment and installation of meters are required.

Service Matters

Applicant has been operating the water system and furnishing water service without charge since June 1950. No complaints have been made by consumers regarding pressures or quality of water. However, some consumers were concerned about absence of a regular

maintenance and service man. Applicant's witness testified that a continuing arrangement had been effected with a licensed contractor who installs water systems and who lives about 4 miles northwest of Palmdale. Exhibit H is a letter setting out the terms of said arrangement. It provides an emergency telephone number which consumers may call to report trouble or request service.

Conclusion

From a review of the record it appears that the source of water supply, the storage, and the transmission and distribution pipeline facilities installed are adequate to serve the proposed area, and the Commission is of the opinion that a certificate of public convenience and necessity should be granted to applicant 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.

Applicant's requests for the establishment of rates and permission to issue stock will also be authorized by the order which follows.

O R D E R

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted, the Commission being fully advised in the premises and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require that Desacres Water Co., a corporation, be granted a certificate of public convenience and necessity to construct and operate a public utility water system in unincorporated area in Antelope Valley, Los Angeles County, known as Desacres Unit No. 1, as shown on the maps attached to the application as Exhibit C and in the map included in Exhibit I filed at the hearing; therefore,

IT IS HEREBY ORDERED as follows:

1. That Desacres Water Co., 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 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 Appendix A attached hereto, together with rules and regulations and four copies of a tariff service area map, and, on not less than five days' notice to the Commission and the public, to make such rates effective for services rendered on and after April 16, 1954.
3. 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; the principal water production, storage and distribution facilities; and the location of various properties of applicant.
4. That applicant shall base the accruals to depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.
5. That applicant shall file with this Commission, within sixty days after the effective date of this order, a copy of each and every journal or other entry used to record on its books of account the acquisition or installation of all utility facilities, whether operative or nonoperative, existing as of the effective date. All important acquisitions or installations made within a period of one year from the effective date hereof shall likewise be reported within sixty days after their completion.

- 6. That applicant be, and it is, authorized to issue 190 shares of its no par common stock 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 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.
- 7. That Dosacros Water Co. 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.
- 8. That the authority herein granted shall expire if not exercised on or before October 1, 1954.

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

Dated at San Francisco, California, this 23rd day of March, 1954.

[Signature]
President

Justus J. Casper

Samuel D. Patten

John E. Williams

Deane Higgins
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Desacres Unit No. 1, and vicinity, located approximately 5-1/2 miles southeast of Palmdale, Los Angeles County.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less	\$3.00
Next 2,000 cu.ft., per 100 cu.ft.25
Over 3,000 cu.ft., per 100 cu.ft.20
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$3.00
For 1-inch meter	4.50
For 1-1/2-inch meter	6.00
For 2-inch meter	9.00

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

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Schedule No. 2

FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service rendered on a flat rate basis.

TERRITORY

The unincorporated area known as Desacres Unit No. 1, and vicinity, located approximately 5-1/2 miles southeast of Palmdale, Los Angeles County.

RATES

	<u>Per Service per Month</u>
For each residence	\$3.50
For each commercial establishment	3.00
For each additional residence or commercial establishment served from the same service connection	1.50

SPECIAL CONDITIONS

1. Charges for flat rate service are payable in advance.
2. All service not covered by the above classifications will be furnished only on a metered basis.
3. Meters may be installed at the option of utility or customer for above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.