

**ORIGINAL**Decision No. 50384

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 PACIFIC WATER CO., a California )  
 corporation, to issue Class C pre- )  
 ferred shares, under the provisions )  
 of Section 818 of the Public Utili- )  
 ties Code, to Southeastern Builders, )  
 a copartnership, Ferrol Construction )  
 Co., a corporation, and to E.R. Waas )  
 and Lorraine E. Waas. )

Application No. 35005

In the Matter of the Application of )  
 PACIFIC WATER CO., a California cor- )  
 poration, for certificates of public )  
 convenience and necessity under )  
 Section 1101 of the Public Utilities )  
 Code for Apple Valley Vista and the )  
 Boorey Tracts. )

Application No. 35179

Moss, Lyon and Dunn, attorneys, by  
Charles B. Smith, for applicant.  
Theodore Stein, James F. Wilson and  
Reginald H. Knaggs, for the  
 Commission staff.

SECOND INTERIM OPINION

Pacific Water Co., a corporation, by the above-entitled applications filed December 30, 1953, and February 24, 1954, seeks authority to issue stock to install a pipeline in the Russ Boorey Tract, Orange County, to install certain water system facilities in Tract No. 1904, adjoining the Laelco Tract, Orange County, and to purchase the Apple Valley Vista water system located in unincorporated territory in Apple Valley, near Victorville, San Bernardino County. Applicant also seeks certificates of public convenience and necessity, and the authorization of rates for water service in Tracts Nos. 3318 and 3965, Apple Valley Vista, in unincorporated territory northeast of Victorville, San Bernardino County, and

Tracts Nos. 1665, 1671, and 1932, Russ Boorey Tracts, in unincorporated territory west of Santa Ana, Orange County. The application for a certificate covering the Apple Valley Vista area was amended at the hearing by the addition of Tract No. 4363, which is immediately north of and contiguous to Tracts Nos. 3318 and 3965.

A public hearing in these matters was held before Examiner Warner on June 18, 1954, at Los Angeles. There were no protests to the granting of the applications. On June 28, 1954, applicant filed a petition to set aside the submission of the matters, and to reopen the proceedings for the receipt of additional evidence regarding the proposed stock issue for the installation of water system facilities in Tract No. 1904, Orange County. Said petition was granted by Decision No. 50279, dated July 13, 1954.

#### General Information

Pacific Water Co. furnishes water service and operates 24 public utility water systems in Kern, Orange, Los Angeles and San Bernardino Counties. The address of its main office is 5724 Venice Boulevard, Los Angeles, and it maintains construction and operating headquarters at 14952 South Gunther Street, Santa Ana.

#### APPLE VALLEY VISTA SYSTEM

##### Description of Area

As shown on the Map 1-A in Exhibit No. 7, a Commission staff engineering report, applicant operates 4 water systems in the general area of Apple Valley Vista designated as its Victorville Nos. 1, 2, 3 and 4 systems. Applicant proposes to designate the Apple Valley Vista system as its Victorville No. 5 system. A maintenance and service man is employed in the Victorville area to assist in the operation of the Victorville systems, and his services will be available for and utilized in the operation of the proposed Apple Valley Vista Victorville No. 5 system.

The Apple Valley Vista system is located about eight miles east and one mile north of Victorville, on the Mojave Desert in unincorporated territory, San Bernardino County. It comprises Tract No. 3318 of 32 lots, Tract No. 3965 of 96 lots, the lots in these tracts ranging in size from 1.04 to 2.34 acres, and Tract No. 4363 of 73 lots, each of which is more than one acre in size. The terrain in Tracts Nos. 3318 and 3965 slopes generally south and west, and in Tract No. 4363 rises abruptly in the eastern portion.

Source of Water Supply

The source of water supply is a well, owned by applicant, located on a parcel of land, also owned by applicant, in Section 34, Township 6 North, Range 3 West, S.B.B. & M., about three fourths of a mile west, and outside of the requested area. Said well is 269 feet deep, and the pumping plant installation therein consists of a 15-hp electric motor connected to a deep-well turbine pump with a production capacity of 117 gallons per minute working against a total pumping head of 409 feet. The record indicates that the well should be capable of additional production when required. Water is discharged from the well, directly, through a 6-inch steel pipeline to two 50,000-gallon steel storage tanks located at a higher elevation east, and outside of the requested service area. Pumping is manually controlled with the pump in operation 14 to 16 hours per week to supply the demands for water and maintain adequate storage level. Pressures of from 45 to 105 pounds per square inch are maintained by gravity from the storage tanks.

The distribution system comprises 6-, 4-, and 2-inch double-dipped and wrapped, welded, steel pipelines and is interconnected for complete circulation. Twelve fire hydrants were installed within the proposed service area as of June 1, 1954, and water service was being furnished to 21 active consumers as of that date.

From a review of the record it appears that the source of water supply, storage facilities, and the distribution pipeline installations are adequate to serve the proposed area.

Water from the well has been tested periodically by the San Bernardino County Health Department and found to be potable.

No franchise for the water system is required from San Bernardino County.

Rates

Applicant requests authorization of the following rates for general metered service:

Quantity Rates:	<u>Per Meter</u> <u>per Month</u>
First 800 cu.ft. or less .....	\$2.50
Next 1,200 cu.ft., per 100 cu.ft.....	.30
Next 1,000 cu.ft., per 100 cu.ft.....	.25
Next 1,000 cu.ft., per 100 cu.ft.....	.20
Over 4,000 cu.ft., per 100 cu.ft.....	.15

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 2.50
For 1-inch meter .....	4.00
For 1-1/2-inch meter .....	7.50
For 2-inch meter .....	10.00
For 3-inch meter .....	25.00
For 4-inch meter .....	30.00
For 6-inch meter .....	40.00

No flat rate was requested to be authorized.

A comparison of the rates for general metered service in applicant's four other Victorville systems, shown in Exhibit No. 7, indicates that the rates applied for herein are slightly higher for lower monthly consumption, but the record shows that, due to the differences in elevation between the source of water supply and the storage tanks, such higher rates are justified. The order which follows will provide for the filing of the schedule of rates applied for.

Financing

Exhibit No. 3 is a copy of an executed agreement entered into October 14, 1953, between E. R. Waas and Lorraine E. Waas and applicant, which provides for the transfer to applicant of all of the water system facilities in the Apple Valley Vista areas requested to be certificated by the instant application, plus the well, well site, and storage tanks located outside the proposed service area. Also transferred to and acquired by applicant by said agreement are easements for the existing pipelines and easements along property lines for future pipelines. The total fixed capital in the so-called Waas Tracts Nos. 3318, 3965, and 4363 acquired by applicant, as shown in Exhibit No. 1, amounted to \$50,688.51, less accrued depreciation of \$1,835.13, as of March 31, 1954. The consideration for the transfer of properties, as shown in Exhibit No. 3, was 1,300 shares of applicant's preferred Class C stock, in the face amount of \$13,000.

It appears that the transfer to and acquisition of the Apple Valley Vista Water system properties by applicant for this consideration is in the public interest, and the issuance of the stock as applied for will be authorized by the order which follows.

RUSS BOOREY SYSTEM

Description of Area

The Russ Boorey system comprises Tract No. 1932, of 19 lots; Tract No. 1655, of 20 lots; and Tract No. 1671, of 46 lots, in unincorporated territory north and west of Santa Ana, Orange County, near the intersection of Garden Grove Avenue and Harbor Boulevard, as shown on Map 1-B in Exhibit No. 7. They immediately adjoin, on the west and south, territory covered by a certificate of public convenience and necessity granted to Dyke Water Company

by Decision No. 50041, dated May 11, 1954, in Application No. 35205. Applicant's Tract No. 1179 and Laurel Square systems are approximately one half mile due south of the proposed area.

Source of Water Supply

The source of water supply is a deep well 224 feet in depth, located on Lot 21, Tract No. 1655, which is within the requested service area. The presently installed pumping plant in said well consists of a 15-hp electric motor, connected to a deep-well turbine pump, with a production capacity of 220 gallons per minute. The pump discharges into a 2,000-gallon pressure tank, which maintains operating pressures of from 30 to 50 pounds per square inch. The record indicates that the well should be capable of additional production when required. The distribution system comprises 6- and 4-inch Transite mains. As of June 1, 1954, six fire hydrants were installed within the service area, and water service was being furnished to 64 flat rate and one general metered service consumers.

From a review of the record it appears that the source of water supply and water system installations are adequate to serve the proposed area. Applicant's witness testified that if and when the area between the proposed Russ Boorey system and applicant's Laurel Square system were developed sufficiently an interconnection between said systems would be effected.

The record shows that applicant holds a deed to the land on which its equipment is located, from the subdivider Russ Boorey, and easements for pipelines within the subdivision. No franchise is required by Orange County for the operation and maintenance of the water system.

Rates

Applicant requests authorization of a flat rate of \$3.00 per month for a single family residence on a lot not to exceed

9,300 square feet in area through a 3/4-inch service connection; \$1.00 for each additional family unit on a single lot; \$0.02 per month for each additional 100 square feet of lot area; \$3.00 per month for each store, market or shop with a service connection not to exceed 3/4 inch; and \$4.00 per month for each service station with a service connection not to exceed 3/4 inch. It also requests authorization of the following general metered service rates:

GENERAL METERED SERVICE RATES  
(Proposed for Russ Boorey System)

Quantity Rates:	<u>Per Meter per Month</u>
First 1,200 cu.ft. or less .....	\$3.00
Next 800 cu.ft., per 100 cu.ft.....	.25
Next 2,000 cu.ft., per 100 cu.ft.....	.20
Next 2,000 cu.ft., per 100 cu.ft.....	.15
Over 6,000 cu.ft., per 100 cu.ft.....	.12

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 3.00
For 1-inch meter .....	4.00
For 1-1/2-inch meter .....	7.50
For 2-inch meter .....	10.00
For 3-inch meter .....	15.00
For 4-inch meter .....	30.00
For 6-inch meter .....	40.00

Exhibit No. 6 is a pro forma income and expense statement of operations of the Russ Boorey system for the year 1954 based on 67 consumers at the proposed rates. It shows estimated net profit before federal income tax of \$918.00.

Inasmuch as applicant intends, eventually, to connect its Russ Boorey system with its present Laurel Square system, as hereinabove noted, it appears that it would be in the public interest and reasonable to authorize applicant to apply its presently filed schedules of rates for its Laurel Square system to the proposed Russ Boorey system. Applicant's present Laurel Square system flat rates are \$2.00 per month for a single family residence on a lot not to exceed 8,100 square feet in area; \$1.00 per month for each additional family unit on a single lot; \$0.02 per month for each

additional 100 square feet of lot area; \$2.00 per month for each store, market, or shop; and \$3.00 per month for each service station. Applicant's present general metered service rates for its Laurel Square system are shown as follows:

GENERAL METERED SERVICE RATES

(Tract No. 1179, Laurel Square and Colonia Juarez Systems)

Quantity Rates:	<u>Per Meter per Month</u>
First 1,000 cu.ft. or less .....	\$2.00
Next 500 cu.ft., per 100 cu.ft.....	.20
Next 1,000 cu.ft., per 100 cu.ft.....	.15
Over 2,500 cu.ft., per 100 cu.ft.....	.12
 Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.00
For 1-inch meter .....	3.00
For 1-1/2-inch meter .....	4.00
For 2-inch meter .....	6.00
For 3-inch meter .....	15.00

Financing

Applicant requests authority to issue to Southeastern Builders, a copartnership composed of Robert G. Sebring and Dudley A. Smith, 20 shares of its preferred Class C stock for the sum of \$200. The money received from such stock issue will be used by applicant to install 85 feet of 6-inch Transite pipeline along the southeast side of Garden Grove Boulevard from Palm Avenue east in the Boorey Tract in Orange County. It appears that the issuance of stock for this purpose is in the public interest and its issuance will be authorized by the order which follows.

Conclusion

The Commission is of the opinion that a certificate of public convenience and necessity should be granted to Pacific Water Co. covering the Apple Valley Vista Victorville No. 5 system and Russ Boorey system areas as applied for, subject to the following provisions 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.

Application to Issue Stock to  
Ferrol Construction Company  
in Tract No. 1904

As noted hereinbefore, applicant has petitioned that the submission of these matters be set aside and reopened for further hearing to receive additional evidence regarding its application to issue to Ferrol Construction Company 540 shares of preferred Class C stock for the sum of \$5,400 to install certain water system facilities in Tract No. 1904 adjoining the Laelco Tract in Orange County. Said petition having been granted, that matter will not be disposed of by the instant order.

SECOND INTERIM ORDER

Applications as above-entitled having been filed, the matters having been submitted, the matter of the application to issue stock to Ferrol Construction Company having been reopened for further hearing, the applications for a certificate of public convenience and necessity covering the Apple Valley Vista Victorville No. 5 system and Russ Boorey system now being ready for decision,

IT IS HEREBY FOUND AS A FACT, that public convenience and necessity require that a certificate of public convenience and necessity be granted to Pacific Water Co., a corporation, to construct and operate a water system in Tracts Nos. 3318, 3965 and 4363, to be known as its Victorville No. 5 system, in unincorporated territory

east and north of Victorville, San Bernardino County, as shown on the map, the last page of Exhibit No. 1, and in Tracts Nos. 1932, 1655, and 1671 to be known as its Russ Boorey system in unincorporated territory west of Santa Ana, Orange County, as shown on the maps in Exhibit No. 4, therefore,

IT IS HEREBY ORDERED AS FOLLOWS:

1. That a certificate of public convenience and necessity be and it is granted to Pacific Water Co., a corporation, to construct and operate public utility water systems in the areas hereinabove described.
- 2a. 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, the schedule of rates applicable to its Victorville No. 5 system, San Bernardino County, shown in Appendix A attached hereto and, after not less than five days' notice to this Commission and to the public, to make said rates effective for service rendered on and after August 27, 1954.
- 2b. Applicant shall refile within thirty days after the effective date of this order its presently effective tariff schedules, including tariff service area maps, applicable to its Victorville systems Nos. 1, 2, 3 and 4 and its Rimforest area, San Bernardino County, to provide for the application of said tariff schedules for water service in its Victorville No. 5 system certificated herein.
- 3a. That applicant be and it is authorized to apply its presently filed rates for water service rendered in its Laurel Square, Colonia Juarez and Tract 1179 systems, Orange County, to the area included in its Russ Boorey system.
- 3b. That applicant shall refile within thirty days after the effective date of this order its presently filed tariff schedules, including the tariff service area map, applicable to its Laurel Square, Colonia Juarez and Tract 1179 systems, Orange County, to provide for the application of said tariff schedules for water service in its Russ Boorey system certificated herein.
4. That applicant shall file, within forty days after the effective date of this order, four copies of comprehensive maps drawn to an indicated scale not smaller than 400 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 in its Victorville No. 5 and Russ Boorey systems.

5. 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.
6. That applicant shall file with the Commission a copy of each entry used to record on its books the purchase of the Apple Valley Vista and the Russ Boorey water systems and the distribution of the purchase prices to primary fixed capital and other accounts, such filing, or filings, to be made within sixty days after the date of each entry.
7. That applicant be, and it is, authorized to issue to E. R. Waas and Lorraine E. Waas 1,300 shares of its preferred Class C stock in the face amount of \$13,000, and to issue to Southeastern Builders, a copartnership composed of Robert G. Sebring and Dudley A. Smith, 20 shares of its preferred Class C stock in the face amount of \$200, said issues to be 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.
8. That Pacific Water Co. shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order.
9. That the authority herein granted shall expire if not exercised on or before December 31, 1954.

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

San Francisco

Dated at \_\_\_\_\_, California, this 3rd day of August, 1954.

Arthur E. Mitchell  
 President  
Justus D. Calverley  
Kenneth Lottel  
Werne Duggins

Commissioners

APPENDIX A

Schedule No. 4

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated territory known as Apple Valley Vista, including Tracts Nos. 3318, 3965 and 4363, supplied from VICTORVILLE WATER SYSTEM NO. 5 located approximately 8 miles northeast of the community of Victorville, San Bernardino County.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 800 cu.ft. or less .....	\$2.50
Next 1,200 cu.ft., per 100 cu.ft.....	.30
Next 1,000 cu.ft., per 100 cu.ft.....	.25
Next 1,000 cu.ft., per 100 cu.ft.....	.20
Over 4,000 cu.ft., per 100 cu.ft.....	.15
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.50
For 1-inch meter .....	4.00
For 1-1/2-inch meter .....	7.50
For 2-inch meter .....	10.00
For 3-inch meter .....	25.00
For 4-inch meter .....	30.00
For 6-inch meter .....	40.00

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