

ORIGINALDecision No. 50558

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 AZTEC WATER COMPANY, INC., a California)
 corporation, for certificate of public)
 convenience and necessity to construct,)
 operate, and maintain a water system in)
 the unincorporated community known as)
 Apple Valley, in the County of San)
 Bernardino, State of California, under)
 Section 1001 of the Public Utilities)
 Code; and an APPLICATION FOR PERMIT TO)
 ISSUE STOCK, under Sections 816-830 of)
 the Public Utilities Code.)

Application No. 35681

James L. King, attorney, for applicant.
Charles W. Drake, Robert M. Mann, and
A. L. Gielegem, for the Commission
 staff.

O P I N I O N

Aztec Water Company, Inc., a corporation, by the above-entitled application filed August 4, 1954, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in Units Nos. 1 and 2, Tract No. 4286 known as McCarthy Home Sites, comprising the SW $\frac{1}{4}$ of Section 4, Township 5 North, Range 3 West, S. B. B. & M., in unincorporated territory, San Bernardino County, about 5 miles east of Victorville in the area shown on the map attached to the application as Exhibit E.

A public hearing in this matter was held before Examiner Stewart C. Warner on November 9, 1954, at Los Angeles. There were no protests to the granting of the application.

General Information

Applicant filed its Articles of Incorporation with the Secretary of State on June 7, 1954. Its first directors were stated

to be George McCarthy, Ruth McCarthy and Raymond G. Patton, Victorville, California. Its present officers are George McCarthy, President, Ruth McCarthy (wife), Vice President, and Raymond G. Patton, Secretary-Treasurer. By its Articles of Incorporation applicant is authorized to issue 500 shares of common stock of a par value of \$100 per share, and of an aggregate par value of all shares of \$50,000.

Description of Proposed Service Area

The proposed service area includes 138 one-half acre lots to be sold for residential purposes, principally, in Apple Valley. As of the date of the hearing no water service was being furnished to any consumer, since no water system had been installed.

Description of Proposed Water System

Applicant's source of water supply comprises a well owned by applicant located on Lot 1, Tract No. 4286. This well, 12 inches in diameter, was drilled and completed on April 13, 1954, and is 355 feet in depth. It was tested on May 6, 1954 resulting in a delivery of 221 gallons per minute.

Applicant proposes to install a steel storage tank with a capacity of 63,000 gallons, and a pressure pump operating with a capacity of 300 gallons per minute, which, together with a 3,000-gallon pressure tank, will maintain operating pressures of between 20 and 40 pounds per square inch.

The distribution system which applicant proposes to install will comprise 4- and 6-inch 12 gauge welded steel pipe, double dipped and wrapped, and fire hydrants will be installed throughout the service area.

The record shows that the source of water supply was tested by the San Bernardino County Health Department on May 10, 1954 and approved for domestic use.

From a review of the record it appears that the source of water supply and the storage and distribution pipeline facilities proposed to be installed are adequate, except that operating pressures as low as 20 pounds per square inch are not considered satisfactory. Applicant is hereby placed on notice that its system should be redesigned to provide pressures which will supply water at all consumers' service connections at not less than 35 pounds per square inch.

Rates

Applicant proposes to charge annual general metered service rates as follows:

Quantity Rates:	<u>Per Meter</u> <u>Per Year</u>
First 5,000 cu.ft. or less	\$15.00
Next 5,000 cu.ft., per 100 cu.ft.25
Next 5,000 cu.ft., per 100 cu.ft.20
Next 5,000 cu.ft., per 100 cu.ft.15
Over 20,000 cu.ft., per 100 cu.ft.08

Special Conditions:

1. The Annual Minimum Charge is due and payable on December 1 of each year, and no service will be connected or service rendered without payment of the Annual Minimum Charge in advance. The Annual Minimum Charge will entitle the consumer to the quantity of water which that annual minimum charge will purchase at the Annual Quantity Rates.
2. Meters will normally be read on or about the first day of March, June, September and December, and statements rendered promptly thereafter to each customer showing the balance due or amount owed.
3. For the initial service rendered prior to December 1, the minimum charge payable in advance will be prorated on the basis of the portion of the year remaining prior to December 1, and the quantity entitlements shall be likewise prorated for each quantity rate block except the first. However, for terminal service rendered for a period less than a full year, the customer will not be entitled to refund of any portion of the Annual Minimum Charge.

Financing

Applicant requests authority to issue 338 shares of stock to George McCarthy, one share to Ruth McCarthy, and one share to

Raymond G. Patton for the total amount of \$34,000 to cover the costs of the proposed water system amounting to \$30,937, plus 10 per cent overhead charge, for a total cost of \$34,031.

Conclusion

The Commission has considered this application for a certificate of public convenience and necessity 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.

Applicant's request to establish annual general metered service rates will be modified by the granting of authority to file monthly general metered service rates, since the record shows that the proposed service area is not strictly a resort area; there being an anticipated preponderance of permanent residents.

Applicant's request to issue stock will be granted by the order which follows.

O R D E R

Application as above 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 Aztec Water Company, Inc., a corporation, be granted a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 4286,

San Bernardino County, in the area shown on the map attached to the application as Exhibit E; therefore,

IT IS HEREBY ORDERED as follows:

1. That Aztec Water Company, Inc., 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 shall file the rates set forth in Appendix A attached to this order to be effective on or before the date service is first rendered to the public, together with rules and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
3. That applicant shall notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.
4. That applicant shall file within forty days after the system is placed in operation four copies of a comprehensive map, drawn to an indicated scale not smaller than 200 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 the various properties of applicant.
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 be and that it is authorized to issue ✓
338 shares of its \$100 par value common stock, in
the aggregate amount of \$33,800, to George McCarthy,
President, one share of its \$100 par value common
stock to Ruth McCarthy, Vice President, and one
share of its \$100 par value common stock to
Raymond G. Patton, Secretary-Treasurer, in the total
amount of \$34,000 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 Aztec Water Company, Inc., 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 to issue stock herein granted ✓
shall expire if not exercised on or before June 30,
1955.

The authorization herein granted will lapse if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 14th
day of DECEMBER, 1954.

John E. Mitchell
President

James D. Caserio

Raymond G. Patton

James Deegins

Paulo Antunes
Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area described as the SW $\frac{1}{4}$ of Sec. 4, T. 5 N., R. 3 W., S.B.B. & M., near Apple Valley, San Bernardino County.

RATES

	<u>Per Meter Per Month</u>
Quantity Rates:	
First 500 cu.ft. or less	\$1.25
Next 2,000 cu.ft., per 100 cu.ft.20
Next 2,500 cu.ft., per 100 cu.ft.15
Over 5,000 cu.ft., per 100 cu.ft.08
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$1.25
For 3/4-inch meter	1.60
For 1-inch meter	2.50
For 1 $\frac{1}{2}$ -inch meter	3.50
For 2-inch meter	5.00
For 3-inch meter	7.50

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