

ORIGINAL

Decision No. 51205

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Rancho Green Valley Water Company to)
 issue stock and assume liabilities.)
 In the Matter of the Application of)
 Rancho Green Valley Water Company,)
 Mount Jupiter Mutual Water Company,)
 Manuel Moss and Lena Moss, approv-)
 ing contracts, establishing rates)
 and charges, etc.)

Application No. 32665

Commission investigation into the)
 operations and related matters in)
 connection with a water system fur-)
 nishing service in Green Valley,)
 Los Angeles County, of Manuel Moss,)
 Lena Moss, Jerome G. Moss, Arthur)
 Moss, Mount Jupiter Mutual Water)
 Company, a corporation, Rancho)
 Green Valley Water Company, a cor-)
 poration, Rancho Club, Inc., a)
 corporation, and Rancho Green)
 Valley, Inc., a corporation.)

Case No. 5411

In Application No. 32665:

Eugene L. Wolver and William Levin, attorneys,
 for applicants.
Harold S. Kiggins, attorney, for a group of
 water users; Mrs. Rose Kahn and Mrs. Manuel I.
Stricker, for Camp Habonim, interested parties.
Gordon H. Mitchell, Boye C. Boysen, Edward H.
Dahlgren, Dr. Josephine Smith, J. E. Stalcub,
Mrs. George Delamotte, Mrs. Carey Vann,
Mrs. Stella Cupp, N. R. Whitney and Warren K.
Schofield, in propria personae, interested
 parties.
H. J. McCarthy, James G. Lee, Richard R. Entwistle
 and Theodore Stein, for the Commission staff.

In Case No. 5411:

Eugene L. Wolver and William Levin, attorneys,
 for respondents.
Harold S. Kiggins, attorney, for M. O. Williams;
Mrs. Rose Kahn and Mrs. Manuel I. Stricker,
 for Camp Habonim; and Warren K. Schofield,
 in propria persona, interested parties.
H. J. McCarthy and Theodore Stein, for the
 Commission staff.

O P I N I O N

Pursuant to the order issued January 12, 1954, reopening the proceedings herein for the limited purpose of giving applicants an opportunity to present additional evidence of the financial responsibility of Rancho Green Valley Water Company, a corporation, to assume the obligation of operating as a public utility water company, further hearings were held before Examiner Wilson E. Cline, in Los Angeles, on March 25, July 30, and October 25, 1954.

By Decision No. 49483 issued December 21, 1953, modifying Decision No. 49270 issued October 27, 1953, this Commission has placed the obligation for the operation of the public utility water system in the Green Valley area and vicinity located about 16 miles west of Palmdale upon Lena Moss, the wife of Manuel Moss.

During the hearings evidence was introduced to show that Manuel Moss and Lena Moss, his wife, as joint tenants, are willing to accept 1,000 shares of common stock of Rancho Green Valley Water Company having a par value of \$10 each and 1,776 shares of 4 per cent cumulative preferred stock of Rancho Green Valley Water Company with voting rights and having a par value of \$10 each, the par value of such 1,000 shares of common stock and 1,776 shares of preferred stock aggregating \$27,760, in discharge of an obligation of Rancho Green Valley Water Company in the amount of \$27,760 due to said Manuel and Lena Moss for moneys advanced and public utility properties transferred to said Rancho Green Valley Water Company.

The record further shows that Arthur Moss and Jerome Moss, sons of said Manuel and Lena Moss, are willing to loan Rancho Green Valley Water Company the sum of \$5,000 repayable to them over a 10-year period in equal installments of \$500 per year together with interest at 4 per cent per year. The money so advanced is to be

used in making improvements to the water system and for working funds if any balance remains unexpended for improvements.

At the hearing in Los Angeles applicants were given permission to file an amendment to Application No. 32665 setting forth in detail the specific proposals with respect to issuance of the common and preferred stock and the \$5,000 note payable and also to file Exhibit No. 34, which is a statement of the financial condition of Lena Moss, on or before November 30, 1954.

Exhibit No. 34 was accepted for filing on December 1, 1954, and the formal amendment was accepted for filing December 24, 1954, even though no request for extension of time was made by applicants prior to the delayed filing. The matter was taken under submission December 24, 1954.

In previous decisions in this matter it has been stated that the Habonim Camp which receives service from the public utility water system is a camp for crippled children. The evidence in the later hearings shows that the Habonim Camp is a Zionist summer camp for children, many of whom have working mothers, rather than a camp for crippled children.

The record shows that Lena Moss is an elderly woman who has never been actively engaged in business herself. She is a housewife and mother whose principal duties, at present, revolve around the care of her husband who is in poor health. Her assets primarily consist of community property over which her husband, rather than she, exercises control and management. With the \$5,000 additional funds proposed to be provided Rancho Green Valley Water Company through a loan from Jerome Moss and Arthur Moss the record shows that said corporation will be in a better financial position to make the required improvements to the water system than Lena Moss.

It is proposed that the two brothers, Jerome and Arthur Moss, be elected president and secretary-treasurer of the Rancho Green Valley Water Company. They are to be kept in office through the device of having the voting rights both of the common stock and the preferred stock exercised through a voting trust.

Arthur Moss is 32 years of age and Jerome Moss is 29 years old and both are in good health. They have had considerable contact with the water system for a long period of time, and since their father became ill three or four years ago they have had the full responsibility of operating and maintaining the water system. They both are obviously better qualified than Lena Moss by reason of their previous experience to continue to be responsible for the operation of the water system.

Some \$4,000 of the \$5,000 to be advanced by Jerome and Arthur Moss is proposed to be used to install a 4-inch main from Spunky Canyon Road and Calle Lomita up through Calle Hermosa to Calle Manzanita. The balance of \$1,000 is to be used in extending the 4-inch main on Spunky Canyon Road about 1,000 feet further. Witness Arthur Moss testified that by reason of the installation of a booster pump it is no longer necessary to continue the 4-inch main to Calle Naranjo. He stated that meter readings at the Lee cabin and at the Gunderson cabin show that the pressure is now satisfactory. As these later hearings were for a limited purpose only the Commission will make no change in its order respecting improvements. Should applicants desire such modification a further petition for modification should be filed so that the matter may be considered in a hearing at which all parties, including the Commission staff, are fully apprised of the relief which is being sought.

Upon consideration of the entire record in this proceeding the Commission finds that public interest, convenience and necessity

require that Rancho Green Valley Water Company be authorized to acquire, manage, operate and control the public utility water system under consideration in this proceeding.

To assist Rancho Green Valley Water Company in clearing title to said public utility water system this Commission will authorize various parties to execute quitclaim deeds to said public utility water system in favor of Rancho Green Valley Water Company. Such transfers will not be adverse to the public interest.

The action taken herein shall not be construed to be a finding of value of the properties herein authorized to be acquired.

O R D E R

The above-entitled matter having been considered, 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 and will require the acquisition and operation, as a public utility, by applicant Rancho Green Valley Water Company of the water system heretofore referred to in the opinion herein and more fully described in the opinion in Decision No. 49270, dated October 27, 1953, in Tracts Nos. 6183, 6639, 6647, 8830, 8956, 8995, and 9080, and the Habonim Camp, all of which are located in the Green Valley area in Los Angeles County about 16 miles west of Palmdale.

IT IS FURTHER FOUND AS A FACT that the money, property, or labor to be procured or paid for through the issuance of the shares of common and preferred stock and the promissory note in the manner and for the purposes set forth in the preceding opinion, is reasonably required for such purposes, and that such purposes are

not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED that the ordering provisions of Decision No. 49270, dated October 27, 1953, as modified by Decision No. 49483, dated December 21, 1953, shall be further modified to read as follows:

1. Rancho Green Valley Water Company is hereby authorized and directed to acquire, manage and operate the public utility water system heretofore described, including without limitation both the Bennett Well and the Lake Well.

2. La Joya Lodge Corporation, William G. Leslie and Ray J. Leslie, his wife, Shell Realty Corporation, Prudential Realty Corporation, Mount Jupiter Mutual Water Company, and Manuel Moss and Lena Moss, his wife, are hereby authorized to execute quitclaim deeds to said public utility water system properties in favor of Rancho Green Valley Water Company. Copies of any such quitclaim deeds executed pursuant to this authorization shall be filed with the Commission within thirty days after the date of execution and delivery.

3. Rancho Green Valley Water Company shall file with this Commission within thirty days after the effective date of this order, in conformance with the provisions of General Order No. 96, four copies of the schedules of rates attached to Decision No. 49270 as Appendix A, together with four copies of rules and four copies of tariff service area maps acceptable to this Commission, and, upon five days' notice to the public and this Commission, to make said rates, rules and tariff service area maps effective for all water service rendered by it.

4. Rancho Green Valley Water Company shall file with this Commission, within forty days after the effective date of this order,

four copies of a comprehensive map, drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the various tracts of land and the territory served; the principal water production, storage and distribution facilities; and the location of the various properties of the public utility water system heretofore described, including without limitation both the Bennett Well and the Lake Well.

5. Rancho Green Valley Water Company shall, within one year after the effective date of this order, install mains of at least 4 inches in the following portions of the system:

- a. The interconnection along Calle Lomita between Calle Hermosa and Spunky Canyon;
- b. The main serving the clubhouse from Spunky Canyon Road;
- c. The main along Spunky Canyon Road from the present 4-inch facilities to Calle Naranjo;
- d. The main along Calle Hermosa between Calle Lomita and Calle Manzanita;

and, within thirty days after the installation of said 4-inch or larger mains, notify the Commission in writing of the completion of said installations.

6. Rancho Green Valley Water Company shall receive and preserve all books, records and memoranda pertaining to the operations of the water system herein described, and shall set up on the said books the detailed plant property costs and depreciation reserve as of December 31, 1952, appearing in Table 6-A of Exhibit No. 25.

7. Rancho Green Valley Water Company shall base accruals to the reserve for depreciation upon a spreading of the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; further, said Rancho Green Valley Water Company shall review such accruals when

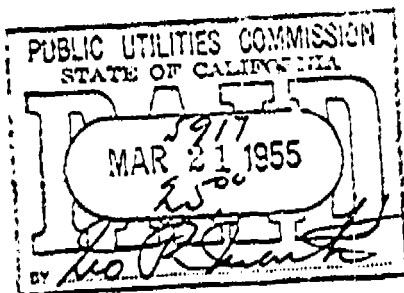
major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

8. Rancho Green Valley Water Company, after the effective date hereof and on or before June 30, 1955, may issue 1,000 shares of common stock and 1,776 shares of its preferred stock to Manuel Moss and Lena Moss, his wife, as joint tenants, for the purposes set forth in the preceding opinion, and may issue the \$5,000 promissory note to Arthur Moss and Jerome Moss in the manner and for the purposes described in the preceding opinion. In the event said common and preferred stock and \$5,000 promissory note are not issued on or before June 30, 1955, as herein authorized, this order shall be null and void and the order set forth in Decision No. 49270 as modified by Decision No. 49483 shall thereupon be in full force and effect without further order of this Commission.

The portion of Decision No. 46757, issued February 13, 1952, ordering that Rancho Green Valley Water Company cease and desist from producing, distributing and selling water and from holding itself out to furnish water service to the public as a public utility is hereby revoked.

This order shall become effective when Rancho Green Valley Water Company has paid to the Commission the minimum fee prescribed by the Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 15th day of March, 1955.



[Signature]

President
[Signature]

[Signature]

Commissioners