

ORIGINAL

Decision No. 51350

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MOJAVE VALLEY UTILITY, a California)
corporation, for a Certificate of)
Public Convenience and Necessity to)
authorize the operation of a water)
distribution system as a public)
utility in the County of San)
Bernardino, State of California,)
and to establish rates.)

Application No. 36697

Best, Best & Krieger, attorneys, by Enos
C. Reid, for applicant.
R. H. Knaggs and R. R. Entwistle, for the
Commission staff.

O P I N I O N

Mojave Valley Utility, a corporation, by the above-entitled application, filed February 3, 1955, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 4631 in unincorporated territory, San Bernardino County. Establishment of rates and authority to issue stock are also requested. The area for which a certificate is sought is delineated in detail on the map, Exhibit B, and in general as it relates to other public utility water company service areas in the vicinity, on the map, Exhibit C, attached to the application.

A public hearing in this matter was held before Examiner Stewart C. Warner on March 28, 1955, at Apple Valley. There were no protests to the granting of the application.

General Information

Applicant filed its Articles of Incorporation with the Secretary of State on November 18, 1954. Its directors as set forth in said Articles are Martin A. Matich of Colton,

John N. Matich of Rialto, Oscar P. Obst, Jr., and Barbara Sue Obst of San Bernardino, and Gerald Brown of Riverside. Its officers are Oscar P. Obst, Jr., president, John N. Matich, vice president, and Martin A. Matich, secretary-treasurer. Its principal place of business is Valley Boulevard and Willow Avenue, Rialto, California. By said Articles, applicant is authorized to issue 750 shares of common stock with a par value of \$100 per share, or an aggregate par value of \$75,000. The record shows that as of the date of the hearing applicant had no assets or liabilities, had installed no water system facilities, and was furnishing water service to no consumers.

Description of Area

Applicant proposes to furnish water service in Tract No. 4631, San Bernardino County, located in the Upper Mojave River Valley about 3-1/2 miles southeast of Victorville on Apple Valley Road. The subdivision includes 144 residential lots and comprises about 89 acres of Mojave desert land. The terrain of the subdivision slopes from northeast to southwest, with a difference in elevation of about 45 feet. Each lot will comprise about 1/2 acre. The subdivision is owned and is being subdivided by the O. M. & M. Company, a corporation, the principals in which are identical to those of applicant.

Proposed Source of Water Supply and Water System Installation

Applicant proposes to acquire a well and well site, located just outside the southeasterly corner of the proposed service area. Said well was tested on November 29, 1954, and was found to be capable of producing 562 gallons per minute, with a drawdown of 21 feet, from a static water level of 83 feet. The well is 12 inches in diameter and is 164 feet deep. At the present time, no pump is installed therein. Applicant proposes

to install a pump driven by a 25-hp electric motor, and this installation will have a production capacity of approximately 300 gallons per minute. Applicant also proposes to install at the well site a 3,000-gallon pressure vessel with automatic controls which will maintain operating pressures of between 40 and 60 pounds per square inch throughout the system. Applicant also proposes to install 4- and 6-inch double asphalted, dipped and wrapped, steel pipe, distribution mains. Meters will be installed on all services.

No franchise is required by the County of San Bernardino as a condition precedent to the operation of a public utility water system within the proposed area.

Applicant's president testified that applicant did not intend to expand or extend its water system outside of Tract No. 4631, but that should it later do so, additional wells in the immediate vicinity could and would be acquired by applicant to implement its source of water supply.

From a review of the record it appears that the source of water supply proposed to be acquired and the distribution pipeline proposed to be installed are adequate to serve the area applied for.

Financing

Applicant's total estimated cost for the water distribution system, including the well, well site, pump, pressure tank, distribution pipelines, land, and organizational costs, including legal and engineering, amount to \$35,660. Applicant proposes to issue and sell 375 shares of its common stock to its directors for cash for a total of \$37,500, of which \$1,840 will be used for working cash capital. Said issuance of stock will be authorized by the order which follows.

Rates

In its application, applicant requests permission to adopt rates upon an identical scale as Apple Valley Ranchos Water Co., a public utility water corporation operating under the jurisdiction of the Commission in the vicinity of applicant's proposed service area. Said Apple Valley Ranchos' annual rates are designed for resort purposes and have been on file with the Commission for approximately 10 years. The record in the instant proceedings shows that the character of the residents in the area has changed from resort to permanent and the Commission staff engineer recommended the establishment of monthly metered rates as follows:

Quantity Rates:	<u>Per Meter per Month</u>
First 1,000 cu.ft. or less	\$2.50
Next 4,000 cu.ft., per 100 cu.ft.....	.20
Next 5,000 cu.ft., per 100 cu.ft.....	.15
Over 10,000 cu.ft., per 100 cu.ft.....	.10

Since applicant has not commenced operations the rates recommended by the staff engineer will be authorized.

Conclusion

The Commission has considered the application of Mojave Valley Utility 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

Application as above entitled having been filed, a public hearing having been held, and 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 a certificate of public convenience and necessity be granted to Mojave Valley Utility, a corporation, in Tract No. 4631, San Bernardino County, in the area shown on the map attached to the application as Exhibit B, therefore,

IT IS HEREBY ORDERED as follows:

1. That Mojave Valley Utility, 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, after the effective date of this order, 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 a 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 under the rates and rules authorized herein, four copies of a comprehensive map drawn to an indicated scale not smaller than 300 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.
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 the Commission.

- 6. That applicant be and it hereby is authorized to issue 375 shares of stock in the amount of \$37,500, after the effective date hereof, for the purposes indicated in the preceding opinion, the Commission being of the opinion that the money, property, or labor to be procured or paid for by the issuance of such 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 applicant 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 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 19th day of April, 1955.

[Signature]
 President

[Signature]

[Signature]

[Signature]
 Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Tract No. 4631, located adjacent to Apple Valley Road, approximately 3-1/2 miles south and east of Victorville, San Bernardino County.

RATES

Quantity Rates:	<u>Per Meter per Month</u>
First 1,000 cu.ft. or less	\$2.50
Next 4,000 cu.ft., per 100 cu.ft.....	.20
Next 5,000 cu.ft., per 100 cu.ft.....	.15
Over 10,000 cu.ft., per 100 cu.ft.....	.10
 Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 2.50
For 1-inch meter	5.00
For 1-1/2-inch meter	7.50
For 2-inch meter	10.00

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