

Decision No. 52621**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 RANCHO RAMON WATER CO. for Certificates)
 of Public Convenience and Necessity to)
 serve domestic water in the North Palm)
 Springs, Thousand Palms, Cathedral City,) Application No. 37389
 Indio and Palm Springs areas, and for) (Amended)
 establishment of rates thereunder, and)
 to issue and sell debentures.)

Eric C. Pepys, attorney, for applicant.
Charles W. Drake, for the Commission staff.

INTERIM OPINION

Rancho Ramon Water Co., a corporation, by the above-entitled application, filed October 10, 1955, as amended January 6, 1956, to include two additional areas, seeks a certificate of public convenience and necessity to extend its water system and to construct and operate public utility water systems in 27 areas in unincorporated territory in the general vicinity of Palm Springs, Indio, and Moreno Valley-Twenty-nine Palms areas in Riverside County. The establishment of rates and authority to issue and sell debentures are also sought. The areas requested to be certificated are shown on the maps Exhibit A attached to the original application and Exhibit D attached to the amended application, except that Area AA of the amended application is not specifically shown.

A public hearing on "Area J" of the original application was held before Commissioner Ray E. Untereiner and Examiner Stewart C. Warner on January 13, 1956, at Palm Springs. Evidence and testimony on said "Area J" were received, and that portion of the application was submitted. The interim order hereinafter will apply to "Area J" only.

General Information

Rancho Ramon Water Co. was granted a certificate of public convenience and necessity to construct and operate a public utility water system in Rancho Ramon Tracts Nos. 1, 2, 3, and 4, Riverside County, comprising 67 acres and subdivided into 332 lots, by Decision No. 48421, dated March 30, 1953, in Application No. 34028. By said decision applicant was also authorized to issue \$25,000.00 in stock, of which \$16,000.00 had been issued as of February 23, 1954. The authority for issuance of the balance of \$9,000.00 expired on February 28, 1954. Rates for water service were also established by said decision.

Applicant has no consumers in its originally certificated area, but has been acquiring the water system properties of certain mutual water companies in the area and has been acting as agent in the operation of said mutual water company systems for about 350 consumers.

Rates

Decision No. 48421 authorized the filing of the following schedule of rates for metered service:

GENERAL METERED SERVICE

<u>Quantity Rates:</u>	<u>Per Meter Per Month</u>
First 1,000 cubic feet or less.....	\$ 2.75
Next 4,000 cubic feet, per 100 cubic feet23
Next 5,000 cubic feet, per 100 cubic feet18
Over 10,000 cubic feet, per 100 cubic feet15
 <u>Minimum Charge</u>	
For 5/8 x 3/4-inch meter	2.75
For 3/4-inch meter	4.00
For 1-inch meter	6.00
For 1 1/2-inch meter	9.00
For 2-inch meter	15.00

1/ Exhibit No. 16 is a copy of applicant's balance sheet as of December 31, 1955 and an income and expense statement for the period August 1, 1955 to December 31, 1955. Said balance sheet shows total utility plant of \$405,192.17, total assets of \$502,672.58; notes payable of \$372,234.44, advances for construction of \$111,745.31 and total liabilities of \$490,093.34. The income and expense statement shows a loss of \$873.37 for the last five months of 1955.

Applicant proposes to apply its presently-filed schedule of meter rates to "Area J".

"Area J"

Applicant seeks a certificate of public convenience and necessity to acquire, construct and operate a public utility water system in its so-called "Area J" described as a subdivision of the S $\frac{1}{2}$ of the S $\frac{1}{2}$ of the NE $\frac{1}{4}$, the N $\frac{1}{2}$ of the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ and a portion of the S $\frac{1}{2}$ of the N $\frac{1}{2}$ of the SE $\frac{1}{4}$; Section 13, Township 5 South, Range 6 East, S. B. B. & M. The subdivided portion of this area comprises 100 acres which have been subdivided into 1-acre or more parcels for a total of 85 parcels. This subdivided area has been subdivided by Goodwin E. Anderson who has requested water service from applicant. Applicant also has a request from R. K. Miller for water service.

Exhibit No. 12 is a copy of a standard refund agreement entered into between applicant and Goodwin E. Anderson and Marjorie N. Anderson, dated November 21, 1955, providing for water service by applicant to the subdivision according to applicant's filed rules and regulations. Said agreement provides for the refund of the subdivider's advance out of 22 per cent of the estimated annual revenue arising from the sales of water within the subdivision over a period of not more than 20 years. The subdivider advanced \$2,000.00 for the construction and installation of water system facilities.

"Area J" is flat desert land located about four miles northwest of the City of Indio. At the present time there are about 10 acres of date palms and row crops. There is a real estate office and one unoccupied office within the subdivided area, and outside said area there are six or seven individual domestic water users.

Sources Of Water Supply

The sources of water supply for "Area J" will be two deep wells designated as Well No. 33 on Lot 42 and Well No. 32 located outside the subdivided area north of Lot 7. Well No. 33 has a presently

installed pumping plant capacity of 377 gallons per minute, and Well No. 32 has a presently installed pumping plant capacity of 82 gallons per minute; for a total of 459 gallons per minute available.

Exhibit No. 4 is a copy of a lease between the Andersons and applicant, dated November 19, 1955, providing for the lease of the well, water mains, service stubs, service pipe lines, fittings, gates, and housings therefor, valves, hydrants, motors, pumps, reservoir, tanks, equipment, well and reservoir sites, and water rights located on Lots 42 and 70. The well on Lot 70 known as Well No. 34 has a tested production capacity of 782 gallons per minute. Well No. 33 will be sold to and purchased by applicant for \$5,000.00 when 20 lots have been sold in the subdivision, and Well No. 34 will be sold to and purchased by applicant for \$5,000.00 when an additional 20 lots have been sold.

Exhibit No. 11 is a copy of an option, dated September 1, 1955, granted by R. Kenneth Miller to applicant to purchase on or before August 1, 1956, Well No. 32 together with the necessary land immediately surrounding it, and together with motors, pumps, valves, fittings and equipment of said well, the existing distribution mains, and the necessary easements to enable applicant to distribute water over the existing mains, for the sum of \$4,846.00.

Exhibit No. 3 is a map showing the location of the wells, and the sizes and locations of the existing 6- and 4-inch mains which have been installed between Wells Nos. 32 and 33, and the 4-inch main which has been installed in a road easement east from the southwest corner of parcel 8 to Washington Street. Said map also shows the proposed 4- and 6-inch main installations.

Proposed Financing

In October, 1955, Wilbert, Inc., acquired all of applicant's stock. Said corporation is a subsidiary of Caleasco, Inc., Passmore Development Company, and Lido Vista Homes, of which John Moore Robinson,

applicant's secretary,^{2/} is an officer and in all of which the Robinson family owns stock directly or indirectly. Robinson testified that future financing of applicant would be through the issuance of debentures.

The existing water system including wells, well sites, storage, and distribution facilities will be acquired and installed in accordance with the lease, Exhibit No. 4, the option, Exhibit No. 11, and the agreement, Exhibit No. 12, hereinbefore referred to.

Proposed operations

Applicant has six or seven employees who are engaged in installing mains in areas being served or proposed to be served. Two full-time employees are available on 24-hour call in the Palm Springs-Indio area, and an emergency telephone answering service is utilized in Indio for service calls. Equipment has been ordered, and an application has been filed for the installation of a radio transmitter in Thousand Palms, and applicant proposes to equip two vehicles with radios. Applicant's books of account are kept by a Certified Public Accountant at applicant's main office, 650 South Spring Street, Los Angeles 14.

Conclusion

It appears that applicant's sources of water supply, the existing distribution mains proposed to be acquired by applicant, and the water system facilities proposed to be installed are and will be adequate to serve the proposed area.

^{2/} Also president of La Mirada Water Company, a public utilities water corporation, with about 2,000 consumers in Los Angeles and Orange Counties. By Application No. 37007, J. M. Robinson and S. I. Robinson (wife), doing business as Public Water Company, have sought a certificate of public convenience and necessity to construct and operate three separate water systems in Riverside County in and in the vicinity of Moreno Valley east of the City of Riverside. Also, Robinson has proposed to acquire all stock of Sycamore Canyon Water Company, which, by Application No. 35705, has sought a certificate of public convenience and necessity to construct and operate a public utility water system in University City on Box Springs Grade south of and adjacent to U. S. Highway 60 (State Highway 395) east of the City of Riverside in unincorporated territory, Riverside County.

The Commission is of the opinion, and so finds, that public convenience and necessity require that the application should be granted. The certificate of public convenience and necessity granted by the order which follows will be 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 will be authorized to apply its presently filed rates to "Area J" described heretofore as requested. Such rate filing authorization will be on an interim basis and will be subject to further investigation and review by the Commission before the final order in this application is made.

INTERIM ORDER

Application as amended having been filed, a public hearing having been held with respect to "Area J" of said application only, this portion of the application having been submitted and now being ready for an interim decision based on the evidence of record and findings,

IT IS HEREBY ORDERED as follows:

1. That Rancho Ramon Water Co., a corporation, be and it is granted a certificate of public convenience and necessity to acquire, construct, and operate a public utility water system in the area designated as its "Area J" in the preceding opinion and as shown on the map, late-filed Exhibit No. 15.

2. a. That applicant on and after the effective date hereof, is authorized and directed to charge in the service area certificated herein its presently-filed schedule of rates for water service, and to apply in said certificated area its rules which are on file with the Commission,
- b. That applicant shall within forty days after the effective date hereof, revise its presently effective tariff schedules to provide for the application of its rates and rules in the area certificated herein, together with a revised tariff service area map, all in accordance with the procedure prescribed by 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 file, within forty days after the system in the area certificated herein 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.
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 occur at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

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

Dated at Los Angeles, California, this 14th day of February, 1956.

[Signature]
President

[Signature]

[Signature]

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Commissioners