

Decision No. 53481

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SUNNY SLOPE HEIGHTS )  
 WATER COMPANY, a California corpo- )  
 ration, for certificate of public ) Application No. 37795  
 convenience and necessity to oper- )  
 ate as a public utility corporation, )  
 and for authority to issue stock. )

Fred M. Riedman, attorney, for applicant;  
M. C. Gauld, proprietor, for Rubidoux  
Vista Water Company, and J. S. Bordwell,  
 in propria personae, interested parties;  
Charles W. Drake, for the Commission staff.

O P I N I O N

Sunny Slope Heights Water Company by the above-entitled application filed February 29, 1956, seeks a certificate of public convenience and necessity to extend its public utility water system in unincorporated territory in West Riverside, Riverside County.<sup>1</sup> The area for which a certificate is sought is delineated on the maps, Exhibit B attached to the application and Exhibit No. 9 filed at the hearing.

A public hearing in this matter was held before Examiner Stewart C. Warner on June 20, 1956, at Riverside. There were no protests to the granting of the application.

General Information

By Decision No. 43887, dated March 7, 1950, in Application No. 30415, applicant was granted a certificate of public convenience

<sup>1</sup> The request for authority to issue stock set forth in the title of the application was not prayed for in said application, and the title was amended at the hearing by the deletion of such request.

and necessity to construct and operate a public utility water system in an area comprising approximately 1,500 acres north and south of Mission Boulevard, west of Limonite Street-Riverside Avenue to Formosa Street and Scenic Drive in Sunny Slope Heights, and in the area known as An Addition to West Riverside Rancho. As of May 1956, water service was being furnished to 878 consumers, two fire hydrants, and one school. All services were metered.

In 1953, controlling interest of applicant's preferred and common stock was acquired by Doty Brothers of Bellflower and F. M. Riedman of Long Beach. Applicant's officers are now Pierce E. Doty, president, R. T. Doty, vice president, and F. M. Riedman, secretary. R. T. Doty, J. T. Doty, and P. E. Doty comprise applicant's board of directors of which P. E. Doty is president. Since acquiring their interest in applicant the Doty brothers have instituted an extensive reconditioning and replacement program to improve applicant's water system by the replacement of steel mains with transite pipe, and by drilling a new well. The record shows that Doty Brothers, a water works contracting firm with headquarters in Bellflower, has been engaged in water works construction for the last 10 years and has installed water system facilities for numerous public utility water companies and mutual companies in Riverside, Los Angeles, and San Luis Obispo Counties. About \$35,000 have been spent in replacements of applicant's water system since the Doty brothers took over applicant's operations.

The record shows that the Dotys own and operate Mission Water Company, a public utility water company under the jurisdiction of the Commission, which furnishes water service to about 460 consumers in near-by territory in West Riverside, and that applicant uses common employees with Mission, performs Mission's accounting, and furnishes Mission with all materials and supplies.

The record also shows that applicant operates, under contract, the water system of La Bonita Mutual Water Company, the service area of which is located within Parcel No. 2, one of the eight parcels for which a certificate is requested in the instant application. Said mutual water company furnishes water service to approximately 35 consumers and buys its water from applicant at applicant's regularly filed rates for water service.

Sources of Water Supply

Applicant's present sources of water supply include its so-called Wells Nos. 3 and 4. Each of these wells is equipped with a 50-hp electric motor and their production capacity is 487 gallons per minute and 408 gallons per minute, respectively. As noted, applicant has drilled a new well which is designated as its Well No. 5 which has been tested to produce 960 gallons per minute. Applicant's president testified that a 50-hp electric motor would be installed on this well and placed in operation within two weeks. This equipment would produce about 500 gallons per minute. Thus the record shows that applicant's present sources of supply will total 1,395 gallons per minute when the new well is placed in operation. In addition to the three wells which applicant owns, the record shows that the Doty interests own a so-called well "A" at Tryolite and Jurupa with a capacity of 585 gallons per minute, and a so-called Well "B" at 27th Street and Valley Way (Pata well) with a capacity of 765 gallons per minute which will be made available to applicant for acquisition and would be put in operation as required by the consumer load.

Applicant's present storage capacity totals 705,800 gallons, and the record shows that applicant intends to install 200,000 gallons of additional storage facilities during 1956 for a total of 905,800 gallons of storage capacity by the end of said year.

Exhibit No. 2 is a Water Supply and Use Table showing applicant's number of consumers for the years 1954 and 1955, and the estimated number of consumers for the years 1956, 1958 and 1960, together with the total annual water sales, the monthly average sales per consumer, the total gallons of storage capacity, the average gallons of storage per consumer, the number of wells, the pumping plant capacity, and the gallons per minute pumped per consumer. This exhibit shows that by the end of 1958 applicant expects to have 1,587 consumers, 1,105,800 gallons of storage capacity, 5 wells, and 2,746 gallons per minute of pumping capacity. These estimates are based on the inclusion and development of the areas for which a certificate of public convenience and necessity is applied for herein.

#### Description of Proposed Areas

The proposed areas comprise approximately 3,500 acres of territory in addition to applicant's presently certificated area.

Applicant is furnishing and proposes to furnish water service in one or more of eight areas designated as Parcels Nos. 1 through 8 as shown on the map attached to the application. Exhibit No. 3 is a Partial List of Subdivisions and Developments. Said list includes subdivisions in applicant's presently certificated area, in areas contiguous to its presently certificated area, and in its proposed area.

Rubidoux Woods of 68 lots, Rocking Horse Ranchos of 26 lots, Mission Estates of 70 lots, Mission Island Homes of 100 lots, Cinderella Park of 17 lots, and Vista Del Rio of 7 lots, are subdivisions inside applicant's present service area in which water systems have been, are in process of being, or are proposed to be installed.

Sunny Slope Terrace is a subdivision not located in any of the proposed areas, not in the certificated area, but contiguous to

applicant's certificated area. This subdivision comprises 53 lots (with a potential of 191 lots) the water service to which is covered by the contract in the amount of \$19,863.37 with Alstan Development Company, Inc., a copy of which was submitted as Exhibit No. 4.

Water systems have been installed in and water service is being furnished to Rubidoux Manor, Rubidoux Manor No. 2, Rubidoux Village, and Dana Horn, subdivisions of 71, 14, 38, and 9 lots respectively in Parcel No. 8. Exhibits Nos. 5 and 7 are copies of contracts with Dana Horn, W. H. Coulter and Paul McFarland, and with Empire Builders & Developers, Inc., covering the terms of water service to said subdivisions. The water system in Rubidoux Village was installed by E. A. Yeager Co., general contractor, and H. M. Robinson, sub-contractor, at a cost of \$7,140.62. The water system, together with backup facilities, for Rubidoux Manor and Rubidoux Manor No. 2 was installed by applicant at an estimated cost of \$35,000.

Golden West Riviera Unit No. 1 comprising 34 lots is in Parcel No. 3. The water system in this subdivision was installed by applicant at the estimated cost of \$16,000 and water service is to be furnished thereto pursuant to the terms of the contract with Building Service, Inc., a copy of which was submitted as Exhibit No. 6.

The contracts, Exhibits No. 4, 5, 6, and 7 provide for the refund of the money advanced by the subdivider out of 22 per cent of the gross revenue from the sales of water within each subdivision over a period of 20 years.

The record shows that a water system is being installed in Parcel No. 1 by a party or parties other than applicant, or its principals, to furnish water service to 54 lots of the Benedict Estates subdivision which has a potential of 418 lots. The subdivider in this instance was alleged by applicant to have represented to the Riverside Planning Commission and the State of California Real Estate

Commission that applicant would furnish water service to this tract. However, applicant's president testified that the tract map filed with Riverside County bears the notation that water service would be furnished by a mutual water company.

No water systems have been installed in River Crest Ranchos of 65 lots in Parcel No. 5, Alta Terrace Tract of 136 lots and Rubidoux Village No. 2 of 15 lots in Parcel No. 8, and the Pearce Tract of 52 lots in Parcel No. 2.

The subtotal of developed or in process of being developed units or lots appearing on Exhibit No. 3 is 829, with 502 possible additional undeveloped lots, for a grand total of 1,331 lots in the eight parcels comprising the proposed area.

The record shows that a Sewer District has been formed in West Riverside which may elect to acquire, by negotiated purchase or condemnation, the public utility water systems of applicant, Mission Water Company, and M. C. Gault, individual, doing business as Rubidoux Vista Water Company, in West Riverside. The record shows that no firm action in this regard is likely to take place for at least two or three years, if at all.

#### Staff Recommendation

Exhibit No. 11, a memorandum on the instant application submitted by a Commission staff engineer, recommended that applicant file with the Commission copies of its standard forms of water main extension agreements with individuals and subdividers. It recommended that applicant have a pump production capacity of 1,000 gallons per minute before an extension of its presently certificated area is granted. It also recommended that applicant provide, within 180 days in writing to the Commission, its plans for the addition of at least 500,000 gallons of storage capacity.

Conclusion

From a review of the record it appears that applicant's present sources of water supply, its proposed addition thereto and the additional sources shown in the record to be available to it are adequate to serve the proposed areas. It further appears that applicant's presently installed storage capacity and its proposed additions thereto are adequate.

The Commission is of the opinion and so finds that public convenience and necessity require that the application 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 properties herein described.

The order which follows will provide that applicant shall carry out the staff recommendations with respect to the filing of standard forms of contracts with individuals or subdividers for water main extensions and for the reporting of the steps taken and proposed to be taken by applicant to enhance its water supply and storage capacity.

Applicant will be authorized to apply its presently filed rates in the area certificated by the order.

In its prayer, applicant requested the Commission to issue an order under Rules 18 and 20 of the Rules of Practice and Procedure of Section 816-830 and 1001-3-5 of the Public Utilities Code, declaring that the Commission would thereafter, upon appropriate supplemental application, issue a certificate declaring that public

convenience and necessity require the exercise of a right or privilege under a franchise to be issued by the County of Riverside, authorizing the use of public streets and thoroughfares within applicant's proposed extended territory for the laying of pipelines, mains and utility facilities. No evidence was submitted that an application for a franchise had been made to Riverside County or that said County had under consideration the issuance of any such franchise. It therefore does not appear to be appropriate at this time that the order hereinafter make the declaration prayed for.

O R D E R

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted, and now being ready for decision based upon the evidence and findings,

IT IS HEREBY ORDERED as follows:

1. That Sunny Slope Heights Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to extend, construct, and operate its public utility water system in unincorporated territory in West Riverside, Riverside County, in the areas delineated as Parcels Nos. 1 through 8 on the maps, Exhibit "B" attached to the application and Exhibit No. 9 filed at the hearing.
- 2.a. That applicant, on and after the effective date hereof, is authorized and directed to charge, in the service areas certificated herein, its presently filed schedule of rates for water service, and to apply in said certificated areas 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 areas certificated herein, together with revised tariff service area maps, all in accordance with the procedure prescribed by General Order No. 96. Such rates, rules and tariff service area maps shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.



3. That applicant shall file, within forty days days after the systems in the areas certified herein are 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 and at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.
5. That applicant shall, within thirty days after the effective date hereof, file with the Commission copies of its standard forms of water main extension agreements with individuals and subdividers in accordance with the provisions of General Order No. 96 and which are acceptable to the Commission. Such tariff sheets shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.
6. That applicant shall, within thirty days after the effective date hereof, immediately place in operation its so-called Well No. 5 and shall within ten days after such placing in operation, notify the Commission in writing thereof.
7. That applicant shall, within 180 days after the effective date hereof, report in writing to the Commission its plans for the addition of at least 500,000 gallons of storage capacity.

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

Dated at San Francisco, California, this 23rd day of July, 1956.

Robert L. Mitchell  
President  
Justin J. Calmes  
Paul J. Scherer  
William J. Love  
R. V. Hardy  
Commissioners