

Decision No. 53873**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 YUCCA WATER COMPANY, LTD., a corpora-  
 tion, for the Approval of Agreement  
 and Amendment and Supplement to Agree-  
 ment for the Sale and Distribution of  
 Surplus Water.

Application No. 38002

John E. Sisson, attorney, for applicant.  
Fred J. Dudley, for Bob Jernberg, interested party.  
James G. Shields, for the Commission staff.

O P I N I O N

The applicant requests authority in the alternative for either (1) approval of a contract to furnish surplus water to tracts of land situated in Section 5, Township 1 South, Range 5 East, SBB&M, San Bernardino County, California, being Temporary Tract No. 4438 consisting of approximately 186 lots and Temporary Tract No. 4762 of 76 lots; or (2) for a certificate of public convenience and necessity to serve the above-mentioned tracts. The request is conditioned upon applicant receiving permission to deviate from the main extension rule.<sup>1/</sup>

A public hearing was held in Los Angeles on August 6, 1956, before Examiner Grant E. Syphers at which time evidence was adduced and the matter submitted. It is now ready for decision.

The applicant presented testimony describing its present facilities and tending to show that it has sufficient water capacity to provide the proposed service. There was no opposition to the

<sup>1/</sup> Rule 15, Cal. P.U.C. Sheet No. 28-W, Yucca Water Company, Ltd., effective Jan. 20, 1956. This rule replaced prior rule 19.

proposal although the subdivider of Temporary Tracts Nos. 4438 and 4762 expressed some doubt as to the ability of the water company to furnish service and also stated he would like to be in a position to drill his own well on the subdivisions if necessary.

Testimony was presented by an engineer of the Commission staff relative to the facilities and water supplies of applicant.

The evidence shows that the applicant company presently operates two wells. Well No. 1 is operated by a gasoline pump, and Well No. 2 by an electric pump. Each will produce in excess of 200 gallons per minute. The storage capacity maintained by applicant consists of a 125,000-gallon reservoir, a 21,000-gallon reservoir, and an 11,200-gallon storage tank. It now is planning a new reservoir which will have a capacity of between 100,000 and 250,000 gallons. The site has been purchased for this reservoir.

The study of the staff engineer shows that the available storage capacity in applicant's distribution system has declined in the five-year period 1951 to 1955 inclusive from 643 gallons per customer to approximately 351 gallons per customer. The report concludes that there is no indication of any surplus water supply and recommends that no further areas or additional customers be served until the applicant company has installed at least 125,000 gallons of additional storage capacity and developed an additional source of supply of water of approximately 350 gallons per minute.

An analysis of the evidence relating to facilities and water supply leads us to the conclusion and we find that the applicant should not be permitted to serve additional territory until it has provided an additional storage capacity of at least 200,000 gallons. It appears from this record that if such an additional storage capacity were supplied, then the need for an additional source of water supply would not be too pressing at the present time.

As to the alternative request of applicant, we find that a certificate of public convenience and necessity should be granted to provide the proposed service rather than that the existing contract be approved. Obviously the proposal here is to serve a new territory and the proper way to authorize such service is by a certificate.

Equally obvious is the fact that the agreement dated January 15, 1956 and amended February 26, 1956 entered into between applicant and E. R. Jernberg is incompatible with certification of a public utility operation. Specifically it is so in all references therein with respect to surplus water, in respect to operation and maintenance by subdivider of booster or other pumps or any storage facilities, and in respect to payments by subdivider for meters installed in said tracts. Certainly we cannot approve a contract which is in direct contradiction to established principles of the operations of a public utility.

While there was some testimony concerning the status of applicant in another area, which matter is now the subject of a lawsuit in the Superior Court of San Bernardino County, this phase of the matter is not pertinent to the instant proceeding. The only question now properly before us in this proceeding is that of granting a certificate.

In connection with the granting of a certificate, applicant requested that it be permitted to deviate from its main extension rule. The evidence shows that the subdivider, with full knowledge of the utility's rules pertaining to such extensions, intended to make the installations and donate them to the company. Therefore the deviation will be permitted.

In consideration of all of the record herein we find that public convenience and necessity require the granting of the requested certificate subject to the conditions hereinafter set out.

The certificate of public convenience and necessity herein granted is 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.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the Commission being fully advised in the premises and having found that public convenience and necessity so require,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity is hereby granted to the Yucca Water Company, Ltd., a corporation, to construct and operate a public utility water system for the distribution and sale of water within the territory hereinafter described and subject to the conditions hereinafter set out:

(a) Temporary Tracts Nos. 4438 and 4762, Section 5, Township 1 South, Range 5 East, SBB&M, San Bernardino County, California.

(2) Prior to the commencement of service to the public in the area certificated by this order, applicant shall

(a) Install and place in operation additional storage facilities of at least 200,000-gallon capacity, together with all necessary valves, connecting pipes and booster facilities. Further, applicant shall notify the Commission in writing within five days after the completion and placing in operation of such facilities.

(b) Revise its presently filed tariff schedules and tariff service area map, in accordance with the procedure prescribed by General Order No. 96, to provide for the application of said tariff schedules for water service in the area being certificated by this order. 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) 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 800 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 water system properties of applicant.

(4) Base the accruals for depreciation upon spreading the original cost of plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property. Said 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.

(5) The Yucca Water Co., Ltd., in the exercise of the authority herein granted will be permitted to deviate from its Rule No. 15, Cal. P.U.C. Sheets Nos. 25-W to 28-W, inclusive, in that it will be permitted to accept as a contribution in aid of construction the pumping equipment, storage tanks, fire hydrants and pipe installations agreed to be made by the subdivider in connection with the furnishing of water to the territory herein certificated upon filing within thirty days after the effective date of this order two copies of a contract acceptable to this Commission which provides for said deviation but otherwise is in conformance with all of applicant's filed tariff schedules including said Rule No. 15.

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

The application, except as specifically herein granted, be and it is, denied.

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

Dated at San Francisco, California, this 9<sup>th</sup> day of OCTOBER, 1956.

[Signature]  
President  
[Signature]  
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Commissioners