

Decision No. 55134

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of PACIFIC WATER CO., a California)
corporation, for a Certificate of)
Public Convenience and Necessity)
under Section 1001 of the Public)
Utilities Code, for land adjacent)
to its Victorville No. 5 Water)
System.)

Application No. 38868

Moss, Lyon and Dunn, by George E. Lyon, for applicant.

James G. Shields, for the Commission staff.

O P I N I O N

Pacific Water Co., a California corporation, by the above-entitled application filed March 1, 1957, seeks a certificate of public convenience and necessity to construct and operate a public utility domestic water system in Tract No. 5205 in unincorporated territory in San Bernardino County and to establish rates for water service therein.

A public hearing on the application was held before Examiner Kent C. Rogers in Los Angeles on May 14, 1957, evidence was presented and the matter was submitted. Prior to the hearing notice thereof was published as required by this Commission. There were no protests.

General Information

Pacific Water Co. furnishes domestic water service in approximately 60 water systems in 21 groups, each of which it designates as districts. Four of these districts are in San

Bernardino County, two are in Kern County, five are in Los Angeles County, and ten are in Orange County. Its Victorville district in San Bernardino County consists of five widely separated systems designated by it as Victorville systems Nos. 1, 3, 4, 5 and 6 (Exhibit B on the application). Its main office is located at 5724 Venice Boulevard, Los Angeles; it maintains construction and operating headquarters in Santa Ana; and it has a serviceman, available by telephone, living in Apple Valley approximately five or six miles from the proposed service area.

Description of the Area

Applicant's Victorville No. 5 system is approximately three miles northeast of Apple Valley. The area to which applicant proposes to extend service is Tract No. 5205, located approximately one-half mile west of applicant's Victorville No. 5 system (Exhibit No. 4). This area contains approximately 50 acres divided into 108 lots and is owned by the Claretian Theological Seminary, a corporation, which is subdividing the property but does not propose to construct homes thereon.

The Water Supply

The source of water supply is a well, owned by applicant, on a parcel of land, also owned by applicant, in Section 34, Township 6 North, Range 3 West, SBB&M. This well, which presently furnishes water to applicant's Victorville No. 5 system, is now equipped with a 15-hp electric motor and produces 117 gallons of water per minute. The staff engineer stated that this well is capable of producing 280 gallons of water per minute. Results of a bacteriologic examination submitted by applicant indicated samples of water from this well to be free of contamination. (Exhibit No. 5).

The well discharges into two 50,000-gallon storage tanks located at an altitude of 275 feet above the well. The well, in turn, is approximately 40 feet above Tract No. 5205. The well pump is equipped with a time clock starting and stopping mechanism. Under present consumption the 100,000 gallons in storage is sufficient for approximately $4\frac{1}{2}$ days. There are at present 28 or 29 consumers in Victorville No. 5 system. In addition to the well referred to, there is a well in Tract No. 5205 capable of producing 270 gallons of water per minute, which applicant is attempting to acquire.

To furnish water to Tract No. 5205 applicant will construct a 6-inch line from the well to the eastern edge of the tract, a distance of approximately one mile, and will install a system of 4- and 6-inch mains in the tract (Exhibit A on the application). A pressure-reducing valve will be installed at an appropriate location to keep the water pressure within the limits prescribed in General Order No. 103. The services are to be metered. Fire hydrants will be installed by the applicant; however, there will be no specific charge to the individual customers nor to any public agency for the service provided thereby.

From a review of the record it appears that the source of water supply, storage facilities, and the distribution pipeline installations are adequate to serve the proposed area.

No franchise for the water system is required from San Bernardino County.

Rates

Applicant requests the authorization of the rates in effect in its Victorville No. 5 system, which rates are as follows:

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 800 cu. ft. or less	\$ 2:50
Next 1,200 cu. ft., per 100 cu. ft.	:30
Next 1,000 cu. ft., per 100 cu. ft.	:25
Next 1,000 cu. ft., per 100 cu. ft.	:20
Over 4,000 cu. ft., per 100 cu. ft.	.15

Minimum Charge

For 5/8 x 3/4-inch meter	\$ 2:50
1-inch meter	4:00
1 1/2-inch meter	7:50
2-inch meter	10.00
3-inch meter	25.00
4-inch meter	30:00
6-inch meter	40.00

No flat rate was requested to be authorized.

Financing

The applicant will install, through contractors, the necessary facilities and pipe from its existing well in Victorville No. 5 system to Tract No. 5205 and will have a distribution system installed in the tract. This system will be connected to applicant's storage facilities in Victorville No. 5 system. The estimated cost of the facilities is \$35,000. The Claretian Theological Seminary and the applicant have entered into a refund agreement pursuant to applicant's filed main extension rule for extensions to serve subdivisions which provides for refunds on the basis of 22 percent of the estimated annual revenue for a period of not to exceed 20 years (Exhibit C on the application).

Conclusion

The applicant is presently operating its Victorville System No. 5 at a loss. The staff witness estimated that with the addition of Tract No. 5205 to Victorville System No. 5 there will be, in the entire service area in 1957, an average of 32

customers paying applicant a total annual revenue of \$1,420; in 1958 there will be an average of 36 customers and total annual gross revenue of \$1,600; and for the year 1959 there will be an average of 40 customers and a total annual gross revenue of \$1,770. Of these additional customers, the staff witness estimated that by the end of 1958 there would be 3 customers in Tract No. 5205 and 5 customers therein in 1959. He estimated that Victorville No. 5 system would show a loss of \$1,355 in 1957, \$1,703 in 1958, and \$1,724 in 1959. During this period, while Tract No. 5205 is serving less than 5 customers, averaging approximately \$3.70 per month each in water bills, applicant will incur, in Tract No. 5205 only, depreciation and ad valorem tax expenses amounting to an average of \$800 per year, and totaling \$994 in 1959.

The staff witness recommended that the applicant submit plans to account for the substantial losses which will occur in the operation of the proposed extension so that these losses will not be a burden on the existing customers. We can see no reason for requiring the submission of such a plan. The proposed service area is outside of Victorville No. 5 system. The evidence shows that Victorville No. 5 system is operating, and for several years will operate, at a loss. If applicant is permitted to extend service to Tract No. 5205 this loss will be increased by a substantial sum, amounting to approximately \$900 in 1959. Applicant has at present applications pending for authority to increase rates for service in many of its systems. Its over-all operations show a loss of approximately \$63,000 for the year 1956. We see no reason why applicant should be permitted to extend service to an area

when such extension will cause it to incur an additional loss. Public convenience and necessity has not been shown and in our opinion the application should be denied. It will be so ordered.

O R D E R

IT IS ORDERED that the application herein be, and the same hereby is, denied.

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

Dated at San Francisco, California,
this 18th day of June, 1957.

[Handwritten signature]

President
[Handwritten signature]

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Commissioners

Rex Hardy
Commissioner C. Lyn Fox, being
necessarily absent, did not participate
in the disposition of this proceeding.