

ORIGINAL

55686

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 M. E. Jones, dba JONES WATER COMPANY,)
 a public utility, and SANTIAGO WATER)
 COMPANY, a corporation, for (1) an)
 order authorizing the sale and trans-)
 fer of assets from said utility to)
 said corporation; (2) a certificate)
 of public convenience and necessity)
 for said corporation; (3) an order)
 authorizing the sale of shares by)
 said corporation in exchange for said)
 assets; and (4) an order authorizing)
 an increase in rates.)

Application No. 37159
 Petition for Extension
 of Time

Clayson, Stark and Rothrock, by George G. Grover,
 for applicant.

James O. Perez for consumers in the El Modena area;
Bob Davis and Darrell E. Maddox, interested
 parties.

Donald B. Steger and Robert M. Mann, for the
 Commission staff.

THIRD SUPPLEMENTAL ORDER

By Decision No. 53432, dated July 16, 1956 and effective on August 5, 1956, in Application No. 37159, M. E. Jones was given authority to transfer the assets of his water company, Jones Water Company, to Santiago Water Company,^{1/} a corporation, of which he is president, on or before September 30, 1956, and Santiago Water Company was authorized to acquire and operate said water company and its assets subject to the following conditions, among others:

"(7) That within not to exceed one year after the date of actual transfer, Santiago Water Company shall complete the

^{1/} Sometimes referred to as applicant.

"Installation of the improvements and additions itemized in Exhibit No. 4^{2/} of this proceeding, and within five days following completion, shall notify this Commission in writing thereof. Within sixty days after the date of actual transfer and every sixty days thereafter until completed, Santiago Water Company shall submit in writing to this Commission a report of its progress in completing the installation of the improvements and additions herein."

"(10) That within sixty days after the date of the actual transfer, Santiago Water Company shall file four copies of a comprehensive map drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings the various tracts of land and the territory served, the principal water production, storage and distribution facilities and the location of the various water system properties."

By letter to the Commission, dated September 26, 1956, the attorney for the applicant requested an extension of time for sixty days in which to comply with the various provisions of the order of Decision No. 53432, other than the stock issue as to which an extension of time to September 30, 1957, was requested. The reason given for the request for the sixty days was that Mr. M. E. Jones had suffered a heart attack and had been confined to a hospital or his bed.

^{2/} Exhibit No. 4 lists a 200,000-gallon welded steel tank, valves and fittings, a booster station with two 300-gallon per minute pumps, three 10-foot-in-diameter pressure filters, two motor-driven chlorine feeders, 2,000 feet of 10-inch pipe from the existing system to the above new tank, 4,600 feet of 6-inch main, and 600 feet of 4-inch main.

On October 16, 1956, the Commission issued its First Supplemental Order in Application No. 37159, Decision No. 53925, in which it ordered:

"The time within which M. E. Jones may transfer property and Santiago Water Company, a corporation, may issue shares of stock as authorized by Decision No. 53432, dated July 16, 1956, is hereby extended to and including September 30, 1957."

In between the date of the letter from the attorney to the Commission and the First Supplemental Order of October 16, 1956, on September 30, 1956, M. E. Jones transferred the real property and physical assets of Jones to Santiago (see letter from Jones to the Commission dated March 27, 1957). This transfer nullified the extension of time granted by Decision No. 53925, referred to supra, except as to the stock issue, and, among other things, fixed the time within which Santiago Water Company should install and place in operation the improvements listed in Exhibit No. 4 herein as expiring on September 30, 1957.

On June 28, 1957, Santiago filed a "Petition for Extension of Time." In this petition it sought an order modifying Decision No. 53432 as follows:

(a) In ordering paragraph 7, where the words "the date of actual transfer" appear, substitute "May 31, 1957."

(b) In ordering paragraph 10, where the words "the date of actual transfer" appear, substitute "May 31, 1957."

If granted, the resulting order would give Santiago until May 31, 1958, in which to complete the improvements specified in Exhibit No. 4 herein, and would give it sixty days after May 31, 1957, in which to file the required map.

As a basis for the request, the applicant pleaded misunderstanding and the illness of Mr. M. E. Jones.

By Decision No. 55338, dated July 30, 1957, in the herein application, the Commission issued its Second Supplemental Order on the said "Petition for Extension of Time" in which it modified paragraph 7 of the order of Decision No. 53432, referred to supra, to permit applicant to submit its first report of its progress in installing improvements on or before August 7, 1957, and to make subsequent reports each sixty days thereafter, and extended the time in which to file the map required by paragraph 10 to August 7, 1957.

The order also required that a public hearing be held on the request for an extension of time in which to improve the system.

A public hearing on the request for an extension of time in which to complete the improvements listed in Exhibit No. 4 was held in Orange on August 28, 1957, before Examiner Kent C. Rogers, evidence was presented and the matter was submitted. Prior to the hearing a notice thereof was mailed to each consumer and also published as required by this Commission. A group of consumers residing in the El Modena area appeared through their attorney, and the applicant stipulated that the system had the same defects and inadequacies at the time of the hearing as it had at the time of the original hearing on March 15, 1956, with the exception of the enlargement of certain mains hereinafter referred to.

At the hearings on which Decision No. 53432, referred to supra, was rendered, it was developed that certain mains were inadequate (see Exhibit No. 4). The evidence at the hearing herein

was that all mains, with the exception of 2,000 feet of 10-inch main from the existing system to the proposed new tank, could be installed by September 30, 1957, the deadline prescribed by Decision No. 53432. Applicant's president stated that all mains would be installed in two weeks from the hearing on August 28, 1957. The record further shows that the installation of the larger mains will improve service and increase the water pressure to some extent. The total of the mains to be enlarged per Exhibit No. 4, exclusive of the 10-inch main above referred to, includes 4,600 feet of 6-inch mains and 600 feet of 4-inch mains. Approximately 2,000 feet of the 6-inch mains have been installed. The applicant has all the necessary pipe on hand. Inasmuch as applicant's president is of the opinion that the mains listed in Exhibit No. 4 could be installed by September 30, 1957, an extension of time in which to complete such installation will be denied except as follows. At the hearing it was developed that applicant contemplates a change from Exhibit No. 4 in that it does not contemplate installing a 6-inch main on Esplanade Avenue south of La Veta Avenue to Jordan Street as specified at the original hearing. This installation was ordered by Decision No. 53432, and a formal application will be required for authority to deviate from said decision. The requested extension of time will be granted for this portion of the main.

The record shows, however, that it would be impossible — for applicant to install the reservoir, booster station, filters, chlorination equipment, and 10-inch main by September 30, 1957, and that an extension of time in which to install such equipment to and including May 31, 1958, as requested, is warranted, and it will be so ordered.

The Santiago Water Company is a small company, the active personnel usually consisting of M. E. Jones, the president, a secretary who works in the office, and a male employee of Mr. Jones who, when ordered, is taken off Mr. Jones personal payroll and placed on the water company payroll. Mr. Jones and these part-time employees do the work of keeping the system operating, exclusive of construction work such as the installation of pipe for which outside help is secured. After the date of Decision No. 53432, referred to supra, on August 11, 1956, Mr. Jones developed heart trouble, was totally disabled until January 2, 1957, and was thereafter partially disabled until May 3, 1957 (Exhibit No. 13). Mr. Jones testified that he is the only one who can plan the location of and specifications for the water tank; that in May or June of 1957, after he learned he would not be granted extra time by the Commission to complete the improvements, he instructed an engineer to prepare plans for the tank; that the plans are ready; and that the contract is ready for bidding.

Mr. Frank E. Alderman, a registered consulting engineer, testified that in the spring of 1957, Mr. Jones discussed with him the planning of the tank, booster station and chlorine feeders; that in July 1957, Mr. Jones instructed him to prepare specifications; that in August 1957 he submitted specifications for the tank to Mr. Jones; that he is working on the specifications for the booster station, pumps and filters; and that he expected such specifications to be ready within one month. The witness further stated that the completion of the 200,000-gallon tank will require approximately four to six months from the time the contract for its

erection is awarded. The witness also stated that the booster station, pumps and filters can be completed the same time as the tank.

Mr. Jones testified that the 10-inch main from the tank to the system will be completed at the same time as the tank and other items; that the tank specifications have been prepared for bidding purposes; and that at the present time negotiations relative to bids are being carried on.

We have considered the record herein and are of the opinion that the request for an extension of time in which to complete the work on the mains should be denied, and that the time in which the tank, boosters, filters, transmission main from the new tank to the existing system, and the necessary equipment for the above-mentioned items must be installed, should be extended to and including May 31, 1958. The order herein will be made effective immediately upon signing inasmuch as the improvements are now required to be completed by October 31, 1957.

Now, therefore, good cause appearing, IT IS ORDERED that ordering paragraph 7 of the order of Decision No. 53432, dated July 16, 1956, in Application No. 37159, as amended by Decision No. 55338, dated July 30, 1957, in Application No. 37159, is further amended to read as follows:

(7) That on or before October 31, 1957, Santiago Water Company shall complete the installation of the improvements to its mains specified in page 2 of Exhibit No. 4 of this proceeding under the heading "5. Distribution Mains" with the exception of the item "(a) 2,000 ft. 10" pipe, Santiago Blvd. to new tank @ \$4.55 - \$9,100" and that portion of item (e) between La Veta Avenue and Jordan Street, and

shall place said mains in service on or prior to said date; and that on or before May 31, 1958, Santiago Water Company shall complete the installation of all other improvements and additions itemized in Exhibit No. 4 of this proceeding. On or before October 31, 1957, and every thirty days thereafter until completed, Santiago Water Company shall submit in writing to this Commission a report of its progress in completing the installation of the improvements and additions above referred to.

IT IS FURTHER ORDERED that except as modified by the herein decision, Decision No. 55338, dated July 30, 1957, Decision No. 53925, dated October 16, 1956 (in so far as it relates to stock issuance only), and Decision No. 53432, dated July 16, 1956, in Application No. 37159, shall remain in full force and effect.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 15th day of October, 1957.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners