

ORIGINAL

Decision No. 57579

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LAKE GREGORY WATER COMPANY)
 for a certificate of public convenience)
 and necessity to extend its water cor-) Application No. 39183
 poration operations in the vicinity of)
 Lake Gregory (San Bernardino County).)

Gordon, Knapp, Gill and Hibbert, by Wyman C. Knapp,
 for applicant.
David F. La Hue, for the Public Utilities Commission.

O P I N I O N

Lake Gregory Water Company, a corporation, hereinafter referred to as applicant, heretofore received from this Commission authority to furnish domestic water to 20 subdivisions of land comprising 562 acres containing a total of 3,343 lots adjacent to or near Lake Gregory, San Bernardino County. (Decision No. 34162, dated May 6, 1941, in Application No. 24084 [43 C.R.C. 485]; Decision No. 41971, dated August 24, 1948, in Application No. 28694). The present service area and the proposed extended area comprise a rugged mountain resort area with elevations varying from approximately 4,100 feet to over 5,000 feet. Subdivided bare land in the service area has been and is being sold by an affiliated corporation, Lake Gregory Land and Water Company.

By the application herein, filed on June 24, 1957, applicant seeks authority to extend service to an additional 19 tracts of land contiguous to the existing service area. Seventeen of

these tracts have been approved by the Real Estate Commission. These tracts, plus Tract No. 4300, contain a total of approximately 378 acres subdivided into 1,465 lots, of which approximately 1,150 had been sold at the time of the hearing. Tracts Nos. 4300 and 4302 had not been approved for sale. The acreage and the number of lots in Tract No. 4302 were not stated, but the staff estimated there will be 103 lots therein. The various tracts are shown on Exhibit No. 1 herein. Each tract is contiguous either to a tract heretofore certificated for water service or contiguous to a tract in the proposed area which is contiguous to the presently certificated area. Rates in the proposed area will be the presently established rates of applicant.

The application was originally set for hearing on November 19, 1957, but at the request of applicant's attorney it was reset for hearing on December 3, 1957, and again reset for hearing on January 29, 1958. The hearing was then taken off calendar at the applicant's request. On November 24, 1958, a public hearing was held at Lake Gregory before Examiner Kent C. Rogers, evidence was presented and the matter was submitted. Prior to the hearing notice thereof was published as required by this Commission.

The Lake Gregory Land and Water Company is a land development corporation which has subdivided all of the tracts to be served by applicant. It owned the land served by applicant prior to its sale to the public. Isabelle F. Bello is the president of said company and of the applicant. She owns the majority of the shares of stock in the land development corporation which is the principal stockholder in the applicant corporation.

The only problem presented by the application is the adequacy of applicant's present and future water supply. If the request is granted, applicant would have authority to furnish water to approximately 4,911 lots in an area of over 940 acres. The staff determined that the present distribution and storage facilities, if an adequate supply of water were available, are more than adequate to take care of the present number of customers and will probably be sufficient to take care of the system when approximately 50 percent developed; however, it concluded that it was doubtful if the utility could develop an adequate water supply for the entire development, as proposed.

The Water Supply

The present water supply for the entire system consists of 10 horizontal wells and one spring. The applicant's engineer witness stated that additional well sites can be observed in the area but have not yet been developed as the water supply is presently adequate. Typical consumers of applicant's water are people with cabins that are used for summer, weekend, and winter vacations. There is no commercial use. Near the edge of the lake is an ice rink. Water from Lake Gregory seeps under the ground here, and in order to keep the rink dry 80 gallons of water per minute are pumped and allowed to go to waste. This water is in addition to the applicant's well supply and is allegedly available to applicant if needed. In addition, applicant has secured water in the past through the Crestline County Water District from Lake Gregory, and it has a permanent connection to this company's source of supply for emergencies.

The production of the wells and the spring referred to above varied from approximately 140.6 gallons per minute in July, 1958, to approximately 101 gallons per minute in October, 1958. It has approximately 2 million gallons of storage capacity. The staff

estimated that the present source of supply will serve approximately 815 customers, and the applicant stated that the supply and storage are adequate for approximately 824 customers. At the time of the hearing the applicant had 410 customers. According to the applicant, the consistent rate of growth is such that applicant will not have 824 customers until 1974,^{1/} prior to which time it will develop additional storage and sources of water. On the other hand, the staff estimated that in 10 years 50 percent of its 4,900 plus lots in the service area will be occupied. This estimate was based on a letter from applicant's attorney which was not received in evidence.

It should be noted here that the developed present and proposed service areas are contiguous to each other in the sense that authority from this Commission is not required prior to the extension of service to the new subdivisions, and that applicant has not been restricted against extending service without said authority. As a consequence, Lake Gregory Land and Water Company has sold and applicant has heretofore undertaken to serve all but a few of the lots in the proposed service area.

Conclusion

In the course of the hearing there was no conclusive evidence presented by the applicant that it could furnish water to more than approximately 1,150 customers with its present available water supply which includes the aforementioned 80 gallons per minute pumped from under the ice rink. In view of this, applicant will be restricted to the area in which it has already undertaken to serve, and Tracts Nos. 4300 and 4302 will be excluded from the area certificated hereinafter. At such time as applicant can demonstrate

^{1/} Chart following page 2 of Exhibit No. 4.

to the Commission that it can develop an adequate supply of water for the area in which it has already obligated itself to serve through extensions, as well as for any additional territory it may then seek authorization to serve, it may by supplemental application hereto request appropriate relief from the service area restrictions imposed by this order.

From the record herein it appears, and we find, that public convenience and necessity require the granting of the certificate of public convenience and necessity as hereafter set forth, subject to the condition set forth in the order herein and to the following provision of law:

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.

It further appears and we find that applicant's authorized rates should be placed in effect in the herein certificated area.

O R D E R

An application having been filed, a public hearing having been held thereon, the matter having been submitted and now being ready for decision, and the Commission having made the foregoing findings and based upon said findings,

IT IS ORDERED:

1. That Lake Gregory Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to extend service to the following numbered subdivisions in

San Bernardino County, California, which subdivisions are near Lake Gregory:

| <u>Tracts Nos.</u> | <u>Tracts Nos.</u> |
|--------------------|--------------------|
| 3222 | 4003 |
| 3456 | 4182 |
| 3570 | 4296 |
| 3681 | 4297 |
| 3685 | 4298 |
| 3686 | 4299 |
| 3747 | 4311 |
| 3764 | 4301 |
| | 4303 |

Excluded from the authorization herein granted are Tracts Nos. 4300 and 4302.

2. That applicant shall not extend its water system outside the numbered tracts certificated by Decisions Nos. 34162 and 41971 and the order herein, which numbered tracts are among those shown on Exhibit No. 1 in this proceeding, without further order of the Commission.

3. That Lake Gregory Water Company, a corporation, is authorized to apply, after the effective date of this order, its presently effective tariff schedules in the areas certificated herein.

4. That Lake Gregory Water Company, a corporation, shall:

- a. Supplement its water supply by adding additional sources of water or increasing storage capacity.
- b. Commencing with the year 1959, report to the Commission in writing annually for a period of five years, within sixty days after December 31 of the preceding year, the names and locations of its sources of water supply, the monthly production of each source of supply during the preceding year, the amount of storage capacity, and the water in storage at the end of each month during the preceding year.

5. That Lake Gregory Water Company, a corporation, shall revise, within thirty days after the effective date of this order, its presently filed tariff schedules, including tariff service area map, in accordance with the procedure prescribed by General Order No. 96 and acceptable to the Commission, to provide for the

application of said tariff schedules for water service in the areas being certificated by this order. Such revised tariff schedules shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

6. That Lake Gregory Water Company, a corporation, shall file with this Commission, within ninety days after the effective date of this order, a comprehensive map drawn to an indicated scale not smaller than 400 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.

7. That 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 20th day of January, 1959.

E. L. Fox
President
W. E. [unclear]
Walter [unclear]
Theodore [unclear]
Commissioners