

ORIGINAL

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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PALM SPRINGS WATER COMPANY, a corporation, for a certificate of public convenience and necessity to extend its water corporation operations in the vicinity of Palm Springs, Riverside County, California.

Application No. 40203

Gordon, Knapp, Gill and Hibbert, by Wyman C. Knapp, for applicant.

Harold P. Machen, for Lawrence Crossley doing business as Tramview Water Company, Joseph Patencio, Beverly Patencio Diaz, guardian for Arthur Diaz and Penny Diaz, protestants.

James G. Shields and A. L. Gielegem for the Commission staff.

O P I N I O N

Applicant conducts business as a public utility water corporation in and around the City of Palm Springs, Riverside County, California. By the application herein, filed with this Commission on June 23, 1958, and amended by an amendment filed on November 20, 1958, it seeks authority to extend its service area to include all of Sections 1, 2, 3, 11, 12, 13, 14, 23, 24, and 26, and portions of Sections 10, 15, 22, 25, and 27 of T. 4 S., R. 4 E., SBB&M, together with portions of Section 34 and Section 36 of T. 3 S, R. 4 E., SBB&M, and all of Sections 7, 17, 18, 19, and 20, and portions of Sections 21, 29, and 30, T. 4 S., R. 5 E., SBB&M. The present and proposed service areas are shown on Exhibit No. 10.

A public hearing on the application was held in Palm Springs on December 5, 1958, before Commissioner Ray E. Untereiner and Examiner Kent C. Rogers, evidence was presented, and the matter was submitted. Thereafter the matter was reopened and a further hearing was held before Commissioner Matthew J. Dooley and Examiner Kent C. Rogers on April 24, 1959, in Palm Springs. At the latter hearing, additional evidence was presented. The matter is now ready for decision.

Prior to the first hearing, notice thereof was published as required by this Commission. All parties who were notified of the first hearing were notified of the further hearing. A protestant appeared and objected to the inclusion in the service area of the $S\frac{1}{2}$ of the $SE\frac{1}{2}$ of the $SE\frac{1}{2}$ of Sec. 20, T. 4 S., R. 5 E. The applicant stipulated that this 20-acre tract be excluded from the service area and this stipulation will be embodied in the order herein. The City of Palm Springs Planning Committee presented a resolution supporting the application (Exhibit No. 11).

Applicant has customers in several of the sections, or portions of sections, which are in the proposed service area but are outside of the certificated area (see Exhibit No. 4). At the hearing on April 24, 1959, eight subdividers, developers or owners' representatives appeared in support of the application. The parcels of land they represented varied from 10 acres in size to 330 acres and were situated outside of the certificated service area and in the proposed certificated area but were noncontiguous to the certificated area. Several of the witnesses are ready to subdivide. Some of the proposed subdivisions involve several million dollars worth

of improvements each. Each of the witnesses desires that applicant be given the certificate as requested in the application. In addition, the mayor of Palm Springs appeared for the city in support of the application.

In 1940 applicant had 1,223 customers and in 1958 it had 5,449, of which 1,903 were outside of its certificated service area.

In order to provide water for the service area, applicant has a total of seven wells capable of producing 7,900 gallons of water per minute. Applicant also has approximately 2,000 gallons of water per minute of stream flow available. The wells are interconnected (Exhibit No. 2) and are connected with reservoir storage consisting of two 1½ million-gallon concrete storage tanks; one 750,000-gallon concrete storage tank; one 200,000-gallon concrete storage tank; and two 300,000-gallon steel storage tanks. An additional 5 million-gallon reservoir is scheduled for completion in 1959.

Applicant estimates it can serve an additional 3000 customers with its present water supply and its present and proposed storage facilities.

The rates for the extended area will be the same as in the present service area. The County of Riverside does not require that applicant have a franchise.

A large portion of the proposed service area is Indian land and has not been sold to the public. As examples: in Section 2, 180 acres have been sold; in Section 12, 2 acres have been sold; in Section 18 none of the land has been sold, the whole section being used for an airport; 16 acres of Section 24 have been sold; and in Sections 14, 20, 22, 26, and 30, small parcels have been sold to the public. Except for the sold parcels the numbered sections

are Indian lands, and it is contemplated such lands will be open for public sale in the near future. The Indian agent stated that the Bureau of Indian Affairs desires that applicant, or a similar public utility water company, be authorized to furnish water to said Indian lands.

Applicant is prepared to expend any reasonably required capital to finance the extension of services in the proposed service area. It appears financially able to do so (Exhibits Nos. 5 and 6). Cross-examination of applicant's witness by the staff developed that operations in the extensive area sought by applicant could lead to low customer density. Applicant is placed on notice that high costs per customer which may result from low customer density should not be expected to be met by increased rates to the customers.

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 hereinafter set forth. The authority herein granted is in lieu of and replaces any prior authority granted by this Commission to this applicant, and particularly the authority granted by Decision No. 34208, with the exception that any restrictions or conditions included in any existing certificates or orders relative to the Palm Springs Water Company shall remain in force and effect. The authority herein granted is subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of the 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 shall 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 that Palm Springs Water Company, a corporation, be and it hereby is granted a certificate of public convenience and necessity to acquire, construct, and operate a public utility water company in that portion of Riverside County, California, shown on Exhibit No. 10 herein, described as follows:

Beginning at the NW corner of Section 3, T4S, R4E, thence easterly along the northern boundary of Section 3 for a distance of 3/4 mile, northerly along an imaginary line in Section 34, T3S, R4E a distance of 1/4 mile, easterly along an imaginary line for a distance of 1/4 of one mile to Indian Avenue, southerly 1/4 mile along Indian Avenue to the NW corner of Section 2, T4S, R4E, easterly 1 mile along the northern boundary of Section 2 to the NE corner of Section 1, thence northerly 1/2 mile along the W line of Section 36, T3S, R4E, thence easterly 1/4 mile, thence southerly 1/4 mile, thence easterly 1/4 mile, thence southerly 1/4 mile to the N 1/4 corner of Section 1, T4S, R4E, thence easterly 1/2 mile, thence southerly 1 mile along the E line of Section 1, thence easterly 1 mile along the north line of Section 7, T4S, R5E, thence southerly 1 mile along the east line of Section 7, thence easterly 1 mile along the north line of Section 17, T4S, R5E, thence southerly a distance of 1 mile along the east boundary line of Section 17, thence easterly 1827 feet along the north line of Section 21, T4S, R5E, thence southerly 1 mile to the northerly boundary line of Section 28, thence westerly along the north line of Section 28 and thence continuing westerly along the north line of Section 29, for a distance of 660 feet, thence southerly 1320 feet, thence easterly 165 feet, thence southerly approximately 2640 feet, thence westerly 165 feet, thence southerly 1320 feet to a point on the S line of Section 29, T4S, R5E which lies 660 feet W of

the SE corner of said Section 29, thence westerly to the S 1/4 corner of Section 29, thence continuing westerly along the toe of the mountain, which is well-defined and very abrupt, through Sections 29 and 30, T4S, R5E, and along the toe of the mountain in Section 25, T4S, R4E, to a point on the center section line which lies approximately 1000 feet north of the S 1/4 corner of Section 25, thence southerly 1000 feet to the S 1/4 corner of Section 25, thence westerly 1/2 mile along the S line of Section 25 continuing westerly 1 mile along the southerly boundary of Section 26, T4S, R4E, thence continuing westerly 1/4 mile along the southerly boundary line of Section 27, T4S, R4E, thence northerly along the 590 foot contour line to the north boundary line of Section 27, thence westerly along the N boundary line of Section 27 a distance of approximately 1000 feet to the N 1/4 corner of Section 27, thence northerly 2 miles along the center section lines of Section 22 and Section 15, T4S, R4E, to the N 1/4 corner of said Section 15, thence westerly 1/4 mile along the N line of Section 15, thence northerly 1 mile to a point on the boundary line of Section 10, thence westerly 1/4 mile to the SW corner of Section 3, thence N 1 mile to the point of beginning; excepting therefrom the S 1/2 of the SE 1/4 of the SE 1/4 of Section 20, T4S, R5E, SBB&M;

as an extension of, including, and to be consolidated with, its presently certificated operations.

IT IS FURTHER ORDERED that:

1. Applicant is authorized to apply, after the effective date of this order, its presently effective tariff schedules to the entire area certificated herein.
2. Applicant shall, after the effective date of this order, revise his presently filed tariff schedules, including service area map, and shall file original tariff sheets containing sample copies of printed forms that are normally used in connection with customers' services, 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 certificated herein, such revised and original tariff sheets to be effective on or before the date service is first furnished to the public in the area certificated herein. Such revised and original tariff sheets shall become effective upon

five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Applicant shall file, within sixty days after service is first furnished to the public in the area certificated herein under the rates and rules authorized herein for said area, four copies of a comprehensive map drawn to an indicated scale not smaller than 1000 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. Applicant shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant. Applicant shall review the accruals as of January 1st of the year following the date service is first rendered to the public under the rates and rules authorized herein and thereafter when major changes in utility plant composition occur for each plant account, and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

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

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

Dated at San Francisco, California,
this 8th day of June, 1959.

[Signature]
President
[Signature]
[Signature]
Commissioners

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Everett C. McKeage
Commissioner being
necessarily absent, did not participate
in the disposition of this proceeding.