

ORIGINALDecision No. 56960

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 LYTLE SPRINGS WATER COMPANY, a
 California corporation, for a certi-
 ficate of public convenience and
 necessity to acquire, construct and
 operate a public utility water company;
 to establish rates for water service;
 and for authority to issue common
 stock.

Application No. 40933
 (Amended)

Charles W. Drake, for Lytle Springs Water Company, applicant.
Ide Keeler, for San Bernardino County Health Department;
Surr & Hellyer, by R. J. Bierschbach, for Fontana Union
 Water Company, Lytle Creek Land & Improvement Co.;
John E. Skelton, for San Gabriel Valley Water Co., inter-
 ested parties.
Richard R. Entwistle and D. B. Steger, for the Commission
 staff.

C O P I N I O N

Lytle Springs Water Company, a corporation, seeks a certificate of public convenience and necessity to operate a public utility water company and authority to establish rates and issue common stock.

A duly noticed public hearing was held in this matter before Examiner Donald B. Jarvis on July 7, 1959 at San Bernardino. The matter was submitted subject to the filing of a late-filed exhibit which has been received.

The requested service area, for which a certificate of public convenience and necessity is herein sought, is unincorporated territory located in San Bernardino County approximately ten miles north of the City of Rialto. It includes portions known as Glenn Ranch, Tract 1986, Scotland Store Area, Tract 2047 and Hertz Ranch.

One or more of applicant's principal officers own most of the land in Glenn Ranch, Tract 1986 and Tract 2047. Plans have been made to subdivide these areas. Some lots have been sold and a few building permits have been issued. There is no water supply system in this area other than the one proposed by applicant. The few people who now live in these areas get water from individual wells or use surface flow water from tributaries of Lytle Creek.

The Hertz Ranch is presently leased to the Whittier School Board and is used in connection with the Whittier School program. The present source of water for the Hertz Ranch is surface flow water from tributaries of Lytle Creek. If applicant is granted the certificate herein sought, it is anticipated that the Whittier School Board would request applicant to serve water to the Hertz Ranch.

The Scotland Store Area has within it a group of established residences. The water supply for these homes is obtained from individual shallow wells or from surface flow waters. Applicant has had numerous requests for water service from residents of the Scotland Store Area.

Applicant has constructed a water system in accordance with General Order No. 103. The evidence discloses that applicant has a sufficient supply of available water to meet the present and anticipated future needs of the requested service area. There was also evidence which indicated that applicant would be granted a water supply permit if certain repairs were made to its well. Applicant has agreed to make these repairs. A representative of the San Bernardino County Health Department testified at the hearing. He stated that the Health Department supported the application because a public utility water company meeting health department standards would benefit the area in question.

The Commission is of the opinion and finds that public convenience and necessity require the granting of a certificate to applicant for the service area requested.

Applicant intends to provide service on a flat rate basis and to have the right to install meters at its option or at the request of a consumer. Applicant has proposed a flat rate schedule and one for meter rates. The Commission finds the rates proposed in these schedules to be reasonable except for a portion of the "Special Conditions" contained in the schedule for general metered service.

The general metered service schedule provides for a scale of annual minimum charges, based upon the size of the meter involved, for the use of 3,600 cubic feet of water or less. The special conditions divide each year into four "consumption blocks" of 900 cubic feet and provide for an excess charge if more than this amount is used within the period. Thus, if a customer used more than 900 cubic feet in a three month "consumption block" period but less than 3,600 cubic feet for the calendar year involved, he would be obliged to pay more than the specified annual minimum charge. These obfuscous special conditions are a trap for the unwary. They are a potential source of a friction between applicant and its customers. They will not be approved. If applicant has need for a rate based upon minimum quarterly consumption, it should, in a proper proceeding, seek to establish one.

Applicant's articles of incorporation authorize it to issue 2,000 shares of common stock of the aggregate par value of \$200,000, or \$100 per share. Applicant requests herein authority to issue 250 shares of \$100 par value common stock with an aggregate par value of \$25,000. Applicant proposes to issue the stock to finance the construction and acquisition of the water system heretofore discussed.

To date the sum of \$18,573.14 has been expended in the construction of the water system. The estimated expenditures to complete the system are \$6,645.00. The money to construct the system as it now exists was provided by the Lloyd A. Frederick Realty Company, Lloyd A. Frederick and Lloyd A. Frederick, Jr. Applicant proposes to issue to them, on a dollar-for-dollar basis at cost, stock equivalent to the amounts paid or to be paid by them for the construction of the water system. The remaining money will be used to finance the completion of the water system.

The Commission finds that applicant should be permitted to issue stock as requested. The Commission further finds that the money, property or labor to be procured or paid for by the issuance of said stock is reasonably required by applicant for the purposes herein stated, which purposes are not in whole or in part reasonably chargeable to operating expense or to income.

The certificate of public convenience and necessity issued herein 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 or right.

O R D E R

A public hearing having been held and based upon the evidence therein adduced,

IT IS ORDERED that:

1. A certificate of public convenience and necessity be, and it hereby is, granted to Lytle Springs Water Company, a corporation, to acquire, construct and operate a public utility water system for the sale and distribution of water in that area located in San Bernardino County more particularly described in Exhibit "B" attached to the original application.

2. Applicant is authorized to file, after the effective date of this order, the rates set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public under the authority herein granted, together with rules and a tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

3. Applicant shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.

4. Applicant shall file, within thirty days after the system is placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the tract of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.

5. 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 and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

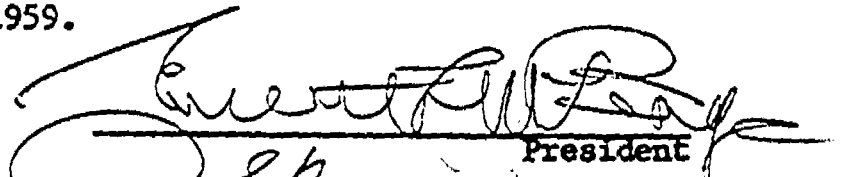
6. Applicant may issue after the effective date hereof and on or before December 31, 1960, 250 shares of its capital stock for the purposes set forth in this application.

7. Applicant shall file with the Commission monthly reports as required by General Order No. 24A, which order, insofar as applicable, is made a part of this order.

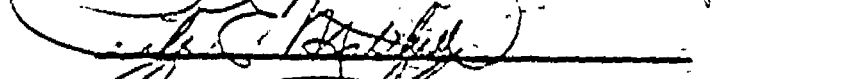
The authority herein granted will expire if not exercised on or before December 31, 1960.

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

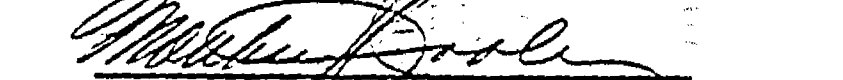
Dated at San Francisco, California, this 1st day of September, 1959.




President



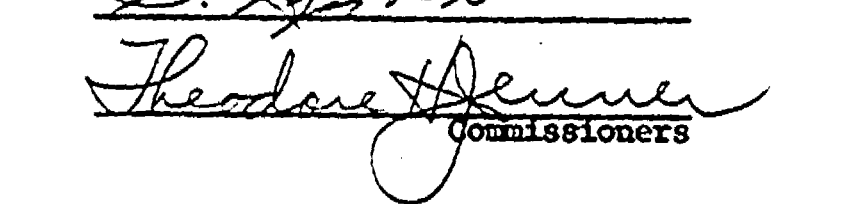
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Commissioner



Commissioners

APPENDIX A
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Schedule No. 1

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated area including the subdivisions known as Glenn Ranch, Tract No. 1986, Scotland Store Area, Tract No. 2047, Hertz Ranch, and vicinity in Lytle Creek Canyon, approximately 10 miles northwesterly of the City of Rialto, San Bernardino County.

RATES

Per Meter
Per Year

Annual Quantity Rates:

First 3,600 cu.ft. or less	\$ 42.00
Next 5,400 cu.ft., per 100 cu.ft.50
Over 9,000 cu.ft., per 100 cu.ft.25

Annual Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 42.00
For 1-inch meter	75.00
For 1 1/2-inch meter	125.00
For 2-inch meter	200.00

The Annual Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Annual Quantity Rates.

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period beginning January 1, and is due in advance.
2. Charges for water used in excess of the quantity which the annual minimum charge will purchase may be billed monthly, quarterly or semi-annually at the option of the utility.

APPENDIX A
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Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential water service furnished on an annual flat rate basis.

TERRITORY

The unincorporated area including the subdivisions known as Glenn Ranch, Tract No. 1986, Scotland Store Area, Tract No. 2047, Hertz Ranch, and vicinity in Lytle Creek Canyon, approximately 10 miles northwesterly of the City of Rialto, San Bernardino County.

RATE

Per Service Connection
Per Year

For a single family residence, including premises not exceeding 10,000 sq. ft. in area	\$60.00
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SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, Annual General Metered Service.
4. The annual service charge applies to service during the 12-month period beginning January 1, and is due in advance.