

ORIGINALDecision No. 59035

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JURUPA HEIGHTS WATER COMPANY,
a corporation, to operate in areas con-
tiguous to those presently certified to
applicant; to adopt rates of Pedley Water
Company, applicable to areas thereof only;
and to issue note.

Application
No. 40820

Application of JURUPA HEIGHTS WATER COMPANY,
a corporation, for an order authorizing in-
creases in present water rates and approval
of a previously unfiled rate.

Application
No. 40821

Thomas L. Clay and John A. Cunningham, for
applicants.
Gregor S. Glud and Alois C. Troik, protestants.
George P. Marsden and Sarah C. Marsden, interested
parties.
James G. Shields and Richard R. Entwistle, for
the Commission staff.

O P I N I O N

Application No. 40820 was filed on February 6, 1959, and amended by an amendment filed, after hearing, on August 3, 1959. By said application, as amended, applicant, a public utility water corporation, seeks authority to acquire the assets of Thomas L. Clay, doing business as Pedley Water Company, and to provide water service in the area served by said company. The rates of Pedley Water Company are higher than those of applicant. By Application No. 40821, filed on February 6, 1959, and amended by amendments filed on March 6, 1959, and July 22, 1959, applicant assumes it has authority to serve the Pedley Water Company service area

referred to above, and requests authority to increase the rates in the entire consolidated service area.

A public hearing on the two consolidated applications was held in Riverside, California, before Examiner Kent C. Rogers, on July 29, 1959. Prior to the hearing notice thereof was published and mailed to water users as required by this Commission. Two customers of Jurupa Heights Water Company protested the proposed increase in rates on the basis that the proposed rates would cause hardship to them.

Evidence was presented on both matters by the applicant and the staff. Inasmuch as the staff figures show that applicant is entitled to an increase in rates, the staff's figures in support of the increase will be quoted herein.

Jurupa Heights Water Company renders public utility water service in the communities of Pedley and Sparrland, Riverside County, California. Its service area is divided. Pedley Water Company is a proprietorship water company located in-between the separated service areas of Jurupa Heights Water Company. Thomas L. Clay owns 96 percent of the stock of Jurupa Heights Water Company and is the sole owner of Pedley Water Company. For brevity, hereafter the former will be referred to as Jurupa and the latter as Pedley.

The Jurupa plant was constructed prior to 1930. Jurupa is a public utility water company. In 1930 Thomas L. Clay purchased the majority of its capital stock. The present rates were set by Decision No. 38449, dated November 27, 1945, on Application No. 26883. Jurupa's source of water consists of four wells located on two separate parcels of land. Water is pumped by means

of deep well turbines through the distribution mains into three concrete storage reservoirs located in the service area. These reservoirs have a combined capacity of 650,000 gallons of water. All customers are served by gravity flow. As of December 31, 1958, Jurupa had 720 customers, all metered. Pedley is supplied water from Jurupa as one customer at Jurupa's filed rates. As of December 31, 1958, Pedley had 148 metered customers.

Application No. 40820

By this application, as amended, Jurupa seeks a certificate of public convenience and necessity to serve an area which includes the area served by Pedley, and to enter on its books as capital surplus the net ledger value of the Pedley Water Company facilities, after deducting contributions. The applicant and the Commission staff agreed that as of December 31, 1958, this amounted to \$4,296.70. It is not contemplated that additional stock will be issued by Jurupa. Applicant also seeks authority to apply the present Pedley rates which differ from the Jurupa rates in the Pedley area. This last request need not be considered herein, however, as the transfer is being approved, and Application No. 40821 requests authority to increase the Pedley area rates. There was no protest to the granting of Application No. 40820, and it appears that Pedley has been operating as a public utility water company for several years without authority from this Commission inasmuch as service at certain specific charges is provided to all consumers in the service area who request it. For the purposes of this record we find that public convenience and necessity require that applicant acquire and operate a public utility water system in that portion of Riverside

County now served by Pedley. We further find that the system in this area may be transferred by Pedley to applicant, and that applicant, upon acquiring said system, may enter on its books as capital surplus the net ledger value of the Pedley system. The certificate 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.

The Rate Increase

At the present time Pedley and Jurupa have different rate schedules as follows:

JURUPA HEIGHTS WATER COMPANY

RATES

Per Meter
Per Month

Quantity Charge:

First	600 cu.ft., or less	\$ 1.50
Next	400 cu.ft., per 100 cu.ft. ....	.12
Over	1,000 cu.ft., per 100 cu.ft. ....	.08

Minimum Charge:

For	5/8 x 3/4-inch meter	1.50
For	3/4-inch meter	2.00
For	1-inch meter	2.50
For	1 1/2-inch meter	4.50
For	2-inch meter	6.00
For	3-inch meter	12.00
For	4-inch meter	20.00
For	6-inch meter	35.00

The minimum charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the quantity rates.

PEDLEY WATER COMPANYRATESPer Meter
Per Month

Quantity Charge:

First	800 cu.ft., or less	.....	\$ 2.00
Next	700 cu.ft., per 100 cu.ft.	.....	.20
Next	1,000 cu.ft., per 100 cu.ft.	.....	.15
Next	2,500 cu.ft., per 100 cu.ft.	.....	.12
Over	5,000 cu.ft., per 100 cu.ft.	.....	.10

Minimum Charge:

For	5/8 x 3/4-inch meter	.....	2.00
For	3/4-inch meter	.....	3.00
For	1-inch meter	.....	4.00
For	1 1/2-inch meter	.....	7.00
For	2-inch meter	.....	10.00
For	3-inch meter	.....	12.00

The minimum charge will entitle the consumer to the quantity of water which that monthly charge will purchase at the quantity rates.

Applicant proposes one schedule of rates for the entire area as follows:

RATESPer Meter
Per Month

Quantity Charge:

First	800 cu.ft., or less	.....	\$ 2.00
Next	700 cu.ft., per 100 cu.ft.	.....	.22
Next	1,000 cu.ft., per 100 cu.ft.	.....	.19
Next	2,500 cu.ft., per 100 cu.ft.	.....	.16
Over	5,000 cu.ft., per 100 cu.ft.	.....	.13

Minimum Charge:

For	5/8 x 3/4-inch meter	.....	2.00
For	3/4-inch meter	.....	3.00
For	1-inch meter	.....	4.00
For	1 1/2-inch meter	.....	7.00
For	2-inch meter	.....	10.00
For	3-inch meter	.....	12.00

The minimum charge will entitle the consumer to the quantity of water which that monthly charge will purchase at the quantity rates.

WATER TANK TRUCK SALES

Each 100 cubic feet per certified capacity - \$1.00.

Both the applicant and the staff agree that at present rates, with the consolidated operations, the applicant will lose money in 1959. At the proposed rates the staff estimates operating results as follows for the year 1959:

Operating Revenues	\$ 48,850
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Operating Expenses:

Maintenance and operating expense, excluding taxes and depreciation	\$ 32,055
Taxes other than income	1,575
Taxes on income	3,770
Depreciation expense	<u>4,085</u>

Total Operating Expenses	\$ <u>41,485</u>
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Net Operating Revenues	\$ <u>7,365</u>
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Average Depreciated Rate Base - \$125,530

Rate of Return - 5.9%

Upon the evidence of record herein we find applicant's proposed rates are just and reasonable, that the increases in rates and charges authorized herein are justified and that the existing rates in the proposed service area, in so far as they differ from the proposed rates, are for the future unjust and unreasonable. There is no organized fire district in the area and, therefore, applicant proposes no rates for fire protection service. The staff recommended certain rates and rules which the applicant agreed to. They will be included in the order herein.

O R D E R

Applications having been filed, a public hearing having been held thereon, the Commission having found that public convenience and necessity require that Jurupa Heights Water Company

extend service to the Pedley Water Company system area, and that the proposed rates are just and reasonable, and that insofar as the present rates differ from those authorized herein the existing rates are unjust and unreasonable, and based on said findings,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity is granted to Jurupa Heights Water Company authorizing it to extend service as a water corporation to the entire area shown on Exhibit B, attached to the original Application No. 40820.

(2) That Jurupa Heights Water Company is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformance with the provisions of General Order No. 96, the schedule of rates attached to this order as Appendix A, and, on not less than five days' notice to this Commission and to the public, to make such rates effective for all service rendered on and after November 1, 1959.

IT IS FURTHER ORDERED:

(1) That within forty-five days after the effective date of this order, Jurupa Heights Water Company shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules governing customer relations, revised to reflect present-day operating practices, a revised tariff service area map and sample copies of printed forms normally used in connection with

customer service. Such rules, tariff service area map and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

(2) That within sixty days after the effective date of this order, Jurupa Heights Water Company shall file with this Commission 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 territory served, the principal water production, storage and distribution facilities, and the location of the various water utility properties of applicant.

(3) That Jurupa Heights Water Company shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated net salvage less depreciation reserve by the estimated remaining life of the plant. Applicant shall review the accruals as of January 1 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.

(4) That within six months from the date of acquisition of the Pedley Water Company under the authorization herein granted, Jurupa Heights Water Company shall file with the Commission its proposed

journal entries to distribute the purchase price to primary plant and other accounts as required in the uniform system of accounts prescribed by the Commission.

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

Dated at San Francisco, California, this 22nd day of September, 1959.

Geoffrey A. [Signature]
President
[Signature]
[Signature]
[Signature]
Theodore J. [Signature]
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated communities of Pedley, Sparrland and Jamestown,
and vicinity, Riverside County.

RATES

Per Meter
Per Month

Quantity Rates:

First	800 cu.ft. or less	\$ 2.00
Next	700 cu.ft., per 100 cu.ft. ....	.22
Next	1,000 cu.ft., per 100 cu.ft. ....	.19
Next	2,500 cu.ft., per 100 cu.ft. ....	.16
Over	5,000 cu.ft., per 100 cu.ft. ....	.13

Minimum Charge:

For	5/8 x 3/4-inch meter	2.00
For	3/4-inch meter	3.00
For	1-inch meter	4.00
For	1 1/2-inch meter	7.00
For	2-inch meter	10.00
For	3-inch meter	12.00

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

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Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated communities of Pedley, Sparrland and Jamestown, and vicinity, Riverside County.

RATE

Per Month

For each 4-inch diameter riser-type hydrant attached to a 4-inch diameter or larger main	\$1.50
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SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under the applicable schedule.
2. The cost of installation and maintenance of hydrants will be borne by the public authority.
3. Relocation of hydrants shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.

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Schedule No. 9

TANK TRUCK SERVICE

APPLICABILITY

Applicable to all water delivered to tank trucks.

TERRITORY

The unincorporated communities of Pedley, Sparrland and Jamestown,
and vicinity, Riverside County.

RATE

For each 100 cubic feet of capacity of
tank truck \$1.00

SPECIAL CONDITION

An applicant for service under this schedule will be required to obtain
a written permit from the utility.