

Decision No. 59489

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SILVER SPUR RANCH WATER CO. to
establish and operate a water system
near Palm Desert, Riverside County,
California; to establish rates and
to issue securities.

Application No. 37784
Petition for Modification of
Decision No. 54978

In the Matter of the Application of
PALM DESERT WATER COMPANY, a corpo-
ration, for authority to extend its
certificated area, and to establish
its rates for water service in the
territory so requested for certifi-
cation.

Application No. 41271
(Amended)

Best, Best & Krieger, by Richard Edsell, for Palm
Desert Water Company.
James G. Shields, for the Commission staff.

O P I N I O N

A consolidated public hearing on the above-entitled
matters was held in Palm Springs on November 19, 1959, before
Examiner Kent C. Rogers.

By Decision No. 54978, dated May 14, 1957, in Application
No. 37784, Silver Spur Ranch Water Co., a corporation, hereinafter
referred to as Silver Spur, was granted a certificate of public
convenience and necessity to furnish water in an area which included
the south $\frac{1}{2}$ of the south $\frac{1}{2}$ of Section 29, Township 5 South, Range 6
East, S.B.B.&M., excepting therefrom the northerly 325 feet, and
approximately the westerly $\frac{3}{4}$ of Section 32 in said Township and
Range, subject to the condition, among others, "(t)hat within not to

"exceed one year from the effective date of this order, applicant shall construct and place in operation ... a storage tank of not less than 200,000-gallon capacity"

The time within which Silver Spur is required to construct said storage tank has been extended from time to time. The last order extending time was made on October 6, 1959, and extended the time within which to construct said storage tank to and including December 31, 1959.

Palm Desert Water Company, a corporation, hereinafter referred to as Palm Desert, furnishes water in an area immediately north and west of Silver Spur's certificated area.

On June 30, 1959, Palm Desert filed Application No. 41271, herein considered, by which it sought to extend its certificated area and to include therein, among other areas, a portion of Silver Spur's certificated area for the reason, among others, that the latter company had not constructed the required 200,000-gallon storage tank.

On September 21, 1959, Silver Spur filed a protest to Application No. 41271 and a motion to dismiss.

On September 29, 1959, Palm Desert filed a reply to said protest and motion.

Subsequently, the two companies worked out their difficulties in regard to conflicting areas to their mutual satisfaction and to the satisfaction of Mrs. Nolan, the only water user in the disputed area; and on November 3, 1959, Palm Desert filed its First Amended Application No. 41271 wherein it seeks authority to include, among other areas, a much smaller portion of Silver Spur's certificated territory.

On November 10, 1959, Silver Spur filed, in Applications Nos. 37784 and 41271, duplicate copies of a document entitled "Petition for Modification of Decision No. 54978" and "Motion of Protestant to Dismiss Protest." Therein Silver Spur requests that an area described as "the southwest quarter of the southwest quarter of Section 29, excepting the northerly 330 feet thereof,^{1/} and the northwest quarter of the northwest quarter of Section 32, excepting the easterly 330 feet thereof," be decertificated as embraced within Palm Desert's 1st Amended Application, and requesting that Silver Spur's protest to Application No. 41271 be dismissed.

Mrs. Nolan, the owner of said property, appeared at the hearing herein and testified that she is being served with water by Palm Desert and that she desires that said company continue to serve her land.

Upon the request of each party hereto, and good cause appearing, Silver Spur's protest to Application No. 41271, as amended, will be dismissed, and its certificate, as set forth in Decision No. 54978, will be amended to exclude the above-described territory. Silver Spur will be required to amend its tariff area map to depict its true service area.

Palm Desert

Exhibit No. 1 herein is a map showing Palm Desert's certificated area, areas outside the certificated area to which it has extended service, and additional and surrounded areas which it seeks authority to serve.

^{1/} As noted supra, Decision No. 54978 excepted the northerly 325 feet of the south $\frac{1}{2}$ of the south $\frac{1}{2}$ of Section 29, not 330 feet as requested here. This decision will be based on the actual description as set forth in Decision No. 54978.

Contiguous Areas to Which
Service Has Been Extended

The areas outside Palm Desert's certificated area to which it has extended service are the Park View property, consisting of approximately 120 acres in the Southeast $\frac{1}{2}$ of Section 18 north of and contiguous to the service area; the Deep Canyon property east of the certificated area and contiguous thereto, consisting of approximately the North $\frac{1}{2}$ of Section 28, being all of said section north of the Coachella Valley Storm Water right of way; and the Santa Gertrudis property, consisting of approximately the South $\frac{1}{2}$ of the Southeast $\frac{1}{2}$ of Section 30, which area is southwest of and contiguous to the certificated area. Although these areas are contiguous to the certificated area, service is not, in each instance, presently in portions of the respective areas contiguous to the certificated area; and for that reason Palm Desert requests that each of said areas be included in its entirety in the certificated area.

In the Park View area, Palm Desert serves 12 customers in a 40-acre subdivision in the southern portion, now containing 20 completed or under construction houses.

In the Deep Canyon area, Palm Desert is presently serving approximately 38 customers in the northern portion thereof.

In the Santa Gertrudis area, Palm Desert serves 12 customers in an approximate 40-homesite subdivision.

Contiguous Areas for Which
Authority is Requested

In addition to the three areas referred to above, Palm Desert requests authority to serve four areas which are either contiguous to the existing certificated area or to the areas referred to above. These are a 75-acre parcel south of the Santa Gertrudis area in Section 31; a 60-acre parcel of land owned by Mrs. Nolan, 30 acres of which are in Section 32 and 30 acres of which are in Section 29; a 40-acre parcel of land in Section 29 north of the Nolan property;

and a 160-acre parcel of land in Section 29 known as the Haystack Ranch.

Palm Desert has had a request for service from the owner of a portion of the 75-acre parcel. This owner has done some work toward developing a subdivision therein and desires Palm Desert's service.

No present construction or improvement is contemplated on the Haystack Ranch which has its own water supply; but if and when public utility water service is desired, Palm Desert would be the company to provide service. The ranch was notified of the application but has not protested.

The owners of the 40-acre parcel in Section 29 north of the Nolan property appeared and requested that the application be granted.
The Nolan Property

Mrs. Nolan is the owner of the 60-acre parcel of land, 30 acres in Section 29 and 30 acres in Section 32, formerly in Silver Spur's certificated area and to be included in Palm Desert's certificated area pursuant to Silver Spur's Petition for Modification hereinbefore referred to. She has given Palm Desert authority to construct certain of its mains and a reservoir on said property (Exhibit No. 3). She is commencing construction of a guest ranch and living quarters and desires that her property be included in Palm Desert's service area.

Islands

There are two small properties, the larger being 13 acres, in the south central portion of Palm Desert's certificated area, both being in Section 29, which are excluded therefrom. Palm Desert requests that it be authorized to serve said areas, if the need arises,

by having them specifically included in its certificated area.

All interested water service companies in the area were given notice of the hearing. There were no protests. Upon the evidence of record herein the Commission is of the opinion and finds that public convenience and necessity require that Palm Desert Water Company extend service as a public utility water company to the entire service area depicted on Exhibit No. 1 herein.

Rates

Service will be furnished at Palm Desert's rates presently on file with this Commission.

Water Supply

The sources of water supply consist of one standby well and four operative wells producing approximately 2400 gallons of water per minute. There are four reservoirs with a combined total capacity of 706,000 gallons. Consumption per consumer averages approximately 1200 gallons per day per service. At the end of 1958, Palm Desert served 428 active consumers. Palm Desert's engineer estimated that by the year 1965 it will have approximately 83 consumers in the new territory, excluding areas presently served. It was the opinion of Palm Desert's engineer that the existing wells will provide adequate water for the foreseeable future but that 100 percent saturation of the entire service area would require additional water supplies.

Financing

Palm Desert will make all extensions pursuant to its filed main extension rule. Palm Desert plans to file a standard form of main extension contract with the Commission. All necessary production and storage facilities will be paid for by Palm Desert.

Staff Investigation

The staff recommended that Palm Desert should file with the Commission in accordance with the requirements of General Order No.96:

- (a) All main extension contracts entered into prior to filing a standard form of main extension contract and thereafter any such contracts which deviate from the standard form.
- (b) The agreement between Palm Desert and Deep Canyon Properties, Inc., concerning the purchase of an existing water system and concerning the terms under which service will be rendered within said water system and to adjoining land.

The staff also recommended at the hearing that Palm Desert file a revised service area map and revised comprehensive maps and in addition a description of the area served.

Palm Desert objected to preparing a new comprehensive map and the description of the area, claiming excessive cost. We fail to see how the cost of revising the present comprehensive map would be excessive, and this recommendation of the staff is reasonable. Delineation of the boundaries of the service area on a revised tariff service area map will be acceptable in lieu of a complete legal description thereof.

Conclusions

The Commission has considered the matters herein referred to and has found that Silver Spur should be authorized to remove the Nolan property from its certificated area; that Silver Spur's protest to Palm Desert's 1st Amended Application should be dismissed; and that public convenience and necessity require that Palm Desert furnish water service to the area it has asked to serve. Based upon said findings the Commission makes the following order which makes provisions in accordance with said findings.

The certificate hereinafter granted to the Palm Desert Water Company shall be 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

An application and petition as aforesaid having been filed, a public hearing having been held thereon, the Commission having made findings and conclusions, and based thereon,

IT IS ORDERED:

1. That the certificate of public convenience and necessity granted to Silver Spur Ranch Water Co. by Decision No. 54978, dated May 14, 1957, in Application No. 37784, is amended by striking therefrom the following described areas:

- a. The Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 29, T5S, R6E, SBB&M, excepting the northerly 325 feet thereof.
- b. The Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 32, T5S, R6E, SBB&M, excepting the easterly 330 feet thereof.

2. That Silver Spur Ranch Water Co. shall file, within thirty days after the effective date of this order, a revised tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. That the protest of Silver Spur Ranch Water Co. to Application No. 41271 of Palm Desert Water Company be, and it hereby is, dismissed.

4. That Palm Desert Water Company be, and it hereby is, granted a certificate of public convenience and necessity to construct and operate a public utility water system in the additional area

shown crosshatched on Exhibit No. 1 herein, including the two islands in Section 29.

5. That Palm Desert Water Company shall, within thirty days after the effective date of this order, revise its presently effective tariff schedules, including a revised tariff service area map acceptable to this Commission, to provide for the application of its tariff schedules in the additional certificated area referred to in ordering paragraph 4, in accordance with the procedures prescribed by General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

6. That Palm Desert Water Company shall file within sixty days after the effective date hereof, four copies of a revised comprehensive map, drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of said company.

7. That within thirty days after the effective date of this order, Palm Desert Water Company shall file, in accordance with the procedure prescribed by General Order No. 96.

- a. A copy of each main extension contract entered into prior to the filing with this Commission of a standard form of main extension agreement.

- b. A copy of any agreement between Palm Desert Water Company and Deep Canyon Properties, Inc., relative to service and facilities in the Deep Canyon area shown on Exhibit No. 1 on file herein.

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

Dated at San Francisco, California, this 12th day of January, 1960.

Lawrence R. Boy
President
W. H. [illegible]
W. H. [illegible]
E. [illegible]
Theodore [illegible]
Commissioners