

ORIGINAL

Decision No. 60000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own)
motion into the operations, service,)
and practices of Aztec Water Company,)
Inc., and into the adequacy of its)
finances, water supply and facilities.)

Case No. 6407

Hugh N. Orr, attorney, for the Commission
staff.
James L. King, attorney, for respondent.

O P I N I O N

The above-entitled investigation on the Commission's own motion into the operations, service, and practices of Aztec Water Company, Inc., and into the adequacy of its finances, water supply and facilities was instituted on January 12, 1960.

A public hearing was held before Examiner Stewart C. Warner on March 16, 1960, at Apple Valley.

Respondent was granted a certificate of public convenience and necessity by Decision No. 50858, dated December 14, 1954, in Application No. 35681, to furnish water service in Tract No. 4286 in unincorporated territory of San Bernardino County in the vicinity of Apple Valley. Said tract, subsequent to the issuance of said decision, was subdivided differently than as set forth in said application and now comprises recorded Tracts Nos. 4286 and 5436. Said recorded tracts comprise different boundaries than the certificated area and are approximately 3-5/10 acres smaller than such area.

Exhibit No. 2, filed at the hearing, is a map of respondent's pipe-line distribution system installed in said tracts, plus the installations in Tracts Nos. 5678 and 5745. Also shown is the proposed extension of the water system installation in Tract No. 5745, the proposed water system installation in Tract No. 5746, and a proposed second source of supply, 10-inch pipe line, and storage tank to serve the $W\frac{1}{2}$ of Section 5, T5N, R3W, SBB&M.

The record shows that Tract No. 4286 contains 83 lots, to the houses on ten of which water service is being furnished; Tract No. 5436 contains 45 lots, to the houses on five of which water service is being furnished; Tract No. 5678, immediately contiguous on the north to Tract No. 4286, contains 48 lots, to the houses on nine of which water service is being furnished; and Tract No. 5745, one-half mile west of Tract No. 5436 and outside respondent's certificated area, contains 64 lots, to the houses, including one 2-unit apartment house, on three of which water service is being furnished. All of such water service is furnished according to respondent's general metered service tariffs except that billings are made trimonthly instead of monthly as provided in such tariffs. No water service is furnished in Tract No. 5746.

Respondent furnishes tree-watering service to owners of lots at the annual rate of \$15.00. Such service is furnished from

a tank truck and was instituted by respondent's president, George McCarthy, who is respondent's principal stockholder and also a large landholder in Apple Valley. Such holdings include all of the tracts herein mentioned which are located in the W $\frac{1}{2}$ of Sections 4 and 5, T5N, R3W, SBB&M. Mr. McCarthy owns no property in the E $\frac{1}{2}$ of Section 5 and respondent furnishes no water service therein. The tree-watering service is furnished pursuant to an arrangement whereby lot purchasers are given trees to encourage planting throughout the subdivisions. No watering service by tank truck is furnished for lawns, gardens, and any such domestic purposes on lots upon which houses have been built. Water service thereto is furnished on a metered basis.

Exhibit No. 1 is a report of the results of the investigation submitted by a Commission staff engineer. Counsel for the respondent stipulated as to the accuracy of the facts contained in said exhibit and stipulated that the respondent accepted the recommendations contained in Chapter 6 thereof without qualification or reservation.

Exhibit No. 1, supra, shows that respondent's present source of water supply is from a well located at the northeast corner of Tract No. 4286. The presently installed pumping plant capacity of this well is 68 gallons per minute from a pumping level of 102 feet. Water is discharged into a 60,000-gallon surface tank and is boosted therefrom by a 15-HP pump with a rated capacity of 300 gallons per minute into a 3000-gallon pressure tank for distribution. This is respondent's present sole source of water supply although a well site located on Lot 93 of Tract No. 3787 just north of the northeast corner of the W $\frac{1}{2}$ of Section 4 is proposed to be used for a second well when customer density requires it.

The record shows that the respondent does not own and has not recorded at least \$20,694.24 of utility plant in Tracts Nos. 5436, 5678, and 5745. Such plant was paid for by Mr. McCarthy, and he testified that he would transfer and assign all of such property without further consideration to respondent as soon as the necessary papers could be prepared for his signature.

The record shows that the respondent will accrue its annual depreciation expense and record its depreciation reserve according to the straight-line remaining life method, and is preparing and will submit to the Commission for review, a study of its current depreciation practices.

Exhibit No. 3 is a financial statement of respondent's president and principal stockholder dated December 31, 1959. The record shows that Mr. McCarthy has provided the necessary funds to meet respondent's operating deficits requiring cash expenditures and that he intended to continue to do so indefinitely without obligation to respondent.

The staff recommended as follows:

1. That the utility be restricted, except possibly for Tract No. 5745, to its certificated area, to Tract No. 5678, and to the uncertificated portion of Tract No. 5436. (No specific recommendation is made concerning continued service to Tract No. 5745 discussed in recommendation 2 below.)
2. That the utility file an application for certification of the area comprising Tract No. 5745 and for any additional areas into which it desires to extend service.
3. That the utility determine the ownership of the utility plant installed in Tract No. 5436 and Tract No. 5678. In the event this plant is not owned by the utility, the utility should determine by what means the plant can be acquired.

4. That the utility compute its depreciation accruals as required by Decision No. 50858 and submit promptly its overdue depreciation review.
5. That the utility correct the irregularities concerning its filed tariffs set forth in Chapter 5.

Notice is taken of the filing on March 14, 1960, of Application No. 42038 by the respondent for a certificate of public convenience and necessity to extend its water service to Tracts Nos. 5745 and 5746, San Bernardino County. The filing of said application appears to comply with recommendation 2 hereinbefore set forth. In view of said filing, we will not at this time order respondent to take any action with respect to its operations in Tract No. 5745.

With respect to fire protection service, respondent's president testified that there is at present no organized fire protection district or agency in this area. It appears that a limited amount of fire protection is provided by the State Division of Forestry. However, to provide rates for public fire hydrant service at such time as a duly organized fire protection district may be formed, respondent will be ordered herein to file a schedule for such service.

After reviewing the record in these proceedings, it is found as a fact and concluded that the public interest requires that the respondent be ordered to carry out the remaining staff recommendations as set forth hereinbefore and the order hereinafter will so provide.

O R D E R

An investigation on the Commission's own motion as above entitled having been instituted, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That respondent Aztec Water Company, Inc., shall not extend its water service outside the boundaries of Tracts Nos. 4286, 5678, and 5436, San Bernardino County, without further order of the Commission.

2. That respondent shall immediately acquire the utility plant not recorded on its books but used for water distribution in Tracts Nos. 5436 and 5678, and any other such unrecorded plant, such acquisition to be effected pursuant to the testimony of its president, Mr. George McCarthy, within sixty days after the effective date hereof. Respondent shall file a report in writing with the Commission when such plant acquisitions have been effected, within ten days thereafter.

3. That respondent, within sixty days after the effective date hereof, shall complete and submit to the Commission in writing a computation and review of its depreciation accruals and reserve as required by Decision No. 50858.

4. That respondent, within thirty days after the effective date hereof, shall file with this Commission: (a) a revision of its presently filed rules as necessary to provide for trimonthly billing of its general metered service; (b) an appropriate tariff schedule for water delivered by tank trucks; (c) a tariff schedule for public fire hydrant service; and (d) a revised tariff service area map, delineating by distinguishing markings and on a suitable scale, the area for which a certificate of public convenience and necessity has been previously granted and the additional contiguous area included in Tract No. 5678; each in a manner acceptable to this Commission and in accordance with the provisions of General Order No. 96. Such rates, rules and map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

5. That respondent, within sixty days after the effective date hereof, shall file with this Commission four copies of an up-to-date comprehensive map drawn to an indicated scale of not smaller than 200 feet to the inch, delineating by appropriate markings the territory served in Tracts Nos. 4286, 5678 and 5436; the principal water production, storage, transmission and distribution facilities; and the location of the various water system properties of respondent in said territory.

6. That respondent, within sixty days after the effective date of this order, shall make available for public inspection at its business office, a complete set of its effective tariff schedules as filed with this Commission, and, within ten days thereafter, shall notify this Commission in writing of the date such action has been taken.

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

Dated at San Francisco, California, this 24th day of April, 1960.

Cecil R. Pease
President
W. E. Mitchell
W. H. G. G. G. G.
E. L. Fox
Theodore Jenner
Commissioners