

**ORIGINAL**Decision No. 60799

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN BERNARDINO WATER UTILITIES CORPORATION for a certificate of public convenience and necessity and authorization to purchase an existing water system and issue common stock in payment therefor and establishment of rates to consumers in San Bernardino Valley, San Bernardino County, State of California.

Application No. 42538

OPINION AND ORDER

San Bernardino Water Utilities Corporation, a public utility water corporation, by the above-entitled application filed August 2, 1960, seeks a certificate of public convenience and necessity for the operation of a water system in Tract No. 3948 in the City of San Bernardino, San Bernardino County, in the area delineated in blue cross-hatching on the map, "Exhibit C-4" attached to the application. Authority is also sought to issue and deliver to Lilac Builders, Inc., a subdivider, 3,080 shares of its common stock in payment for Lilac Builders' interest in the water system installed in Tract No. 3948. Approval of an agreement, "Exhibit F-1" attached to the application, with Lilac Builders for the purchase by applicant of the water system in said Tract and approval of an agreement, "Exhibit C-8" attached to the application, with Muscoy Mutual Water Company No. 1 providing for a standby connection for emergency service

to the applicant by Muscoy Mutual; and the establishment of rates for water service in said Tract are also sought.

In Decision No. 59997, dated April 26, 1960, in Application No. 41513, Amended, which issued following a public hearing on January 13, 1960 in San Bernardino, the Commission stated that it appeared that the sources of water supply available to the applicant for Tract No. 3948, the storage facilities, the booster pumps installed and proposed to be installed, and the distribution system now installed in said Tract, were adequate to meet customers' demands on the water system.

In Decision No. 59997, supra, the Commission further stated that it was of the opinion that the applicant's proposal to finance the acquisition of the water system from Lilac Builders by a refund contract covering not only the distribution system, but back-up facilities, was basically unsound and that the financial weaknesses of the proposal should be corrected before a certificate is granted.

"Exhibit F-1", supra, provides that Lilac Builders, in consideration of the issuance of and conveyance to it on demand of 3,080 shares of applicant's common capital stock with a book value as of May 31, 1960 of \$28.08 per share, will transfer to the applicant title and all claim for the production and back-up facilities and distribution system in Tract No. 3948. The purchase price of said facilities and system is \$86,472.38.

The instant application shows that the applicant's capitalization resulting from the proposed addition and financing therein would be as follows:

	CAPITALIZATION			
	PRO FORMA		PRESENT	
	AMOUNT	PER CENT	AMOUNT	PER CENT
Long Term Debt	\$ 79,219	24	\$ 79,219	33
Advances for construction	43,178	13	43,178	18
Common Stock equity	207,199	63	120,726	49
	<u>\$329,596</u>	<u>100</u>	<u>\$243,123</u>	<u>100</u>

From a review of the instant application it appears that the financial weaknesses in Application No. 41513, Amended, supra, which caused the said latter application to be denied, have been corrected and that the financial proposal of the instant application is reasonable. It does not appear that a public hearing is necessary and the Commission finds as a fact and concludes, based on the evidence of record in Application No. 41513, Amended, supra, and the allegations of the instant application, that public convenience and necessity require that the instant application be granted.

Applicant's request for approval of the agreement with Muscoy Mutual Water Company No. 1 involves no considerations which require Commission approval; therefore, no action will be taken thereon.

The certificate of public convenience and necessity granted hereinafter 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.

The authority to issue stock granted hereinafter shall not be construed to be a finding of the value of the property acquired through such issuance.

The order which follows will authorize the applicant to apply its presently filed rates for water service in Tract No. 3948.

Based on the findings and conclusions hereinbefore set forth,

IT IS HEREBY ORDERED as follows:

1. That San Bernardino Water Utilities Corporation, a corporation, be and it is granted a certificate of public convenience and necessity to operate a public utility water system in Tract No. 3948 in the City of San Bernardino, San Bernardino County, in the area designated by blue cross-hatching on the map, "Exhibit C-4", attached to the application.
2. a. That the applicant be and it is authorized to apply its presently filed tariffs to Tract No. 3948.  
b. That applicant is authorized and directed to revise, within thirty days after the effective date of this order and in conformity with General Order No. 96, such of its tariff schedules, including a tariff service area map acceptable to this Commission, as are necessary to provide for the application of its tariff schedules to the area certificated herein. Such tariff sheets shall become effective upon five days' notice to the public and this Commission after filing as hereinabove provided.
3. That applicant be and it is authorized to issue and deliver to Lilac Builders, Inc., 3,080 shares of its common stock in payment of Lilac Builders' interest in the water system in Tract No. 3948 for the sum of \$86,472.38 in conformance with the agreement dated July 20, 1960 between the applicant and Lilac Builders, Inc., "Exhibit F-1", attached to the application. The Commission is of the opinion and so finds that the money, property or labor to be procured or paid for by the issuance of such stock is reasonably required by the applicant for the purposes herein stated, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

- 4. That applicant shall file with the Commission a report or reports as required by the Commission's General Order No. 24A, which order, insofar as applicable, is made a part of this order.
- 5. That applicant shall file, within thirty days after the effective date hereof, four copies of a comprehensive map drawn to an indicated scale not smaller than 200 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 properties of the applicant in Tract No. 3948.
- 6. That the authority to issue stock herein granted shall expire within one year after the effective date hereof if not exercised.

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

Dated at San Francisco, California, this 27th day of September, 1960.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners