

ORIGINAL

Decision No. 64025

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of RANCHO RAMON WATER CO. for confirmation and approval of the execution of an irrevocable repository agreement and for an Order discharging and releasing it from its duties as a public utility in Riverside County.

Application No. 43949
(Amended)

(See Appendix "A" for Appearances)

O P I N I O N

Rancho Ramon Water Co., by the above-entitled application filed November 22, 1961, as amended May 14, 1962, seeks authorization under Section 851 of the Public Utilities Code to assign a Judgment and Order of Condemnation of the Superior Court in and for the County of Riverside, dated May 31, 1961, which was Action No. 73112 of said Court, to Bank of America National Trust and Savings Association, pursuant to the terms of the Irrevocable Depository Agreement proposed to be executed between applicant and said bank, copy of which is attached to the amendment to the application as Exhibit "E". The total amount of said agreement is the sum of \$1,240,112.83, representing 174 contracts for the refund of consumers' advances and reimbursements as set forth in the Schedule of Refunding Agreements as of February 1, 1962, which is Exhibit No. 1 of said Exhibit "E". All of applicant's public utility properties in Riverside County (except one well site) were acquired

on May 31, 1961, by Coachella Valley County Water District (hereinafter sometimes referred to as District) under the terms of said action for \$2,060,084.42. Since May 31, 1961, District has operated applicant's properties in Riverside County and has furnished water service to applicant's consumers throughout applicant's service areas both within and without District's boundaries. Applicant also seeks an order discharging and releasing it from its duties as a public utility in Riverside County.

Public hearing was held before Examiner Stewart C. Warner on January 17, 1962, and before Commissioner George G. Grover and Examiner Warner on May 2 and 3, 1962, at Indio.^{1/} Many of applicant's consumers protested the granting of the application on the grounds either that (1) they were omitted from the schedule of refund obligations; or (2) the amounts shown were incorrect; or (3) according to the application as originally filed, District was under no stated obligation to furnish water service to areas outside its boundaries; or (4) District's terms and conditions of water service and rates were not clearly set forth or would work a financial hardship on subdividers, property owners, and water consumers in applicant's dedicated service area.

Applicant was granted certificates of public convenience and necessity commencing in March 1953 and extending through

^{1/} Case No. 7219, Ralph Young Development Co., Inc., vs. Rancho Ramon Water Co., was heard on a consolidated record herein, on January 17, 1962 and was dismissed by Decision No. 63252, dated February 13, 1962, upon withdrawal of the complaint by complainant; Case No. 7216, Victor Van Ness, doing business as Victor Van Ness Development Company vs. Rancho Ramon Water Co., was also heard on a consolidated record herein. All matters stand submitted. Decision on Case No. 7216 will be made separately.

July 1957 to acquire, construct, extend and operate water systems in some 25 separate areas in unincorporated territory of Riverside and San Bernardino Counties. Said areas are in the vicinity of Indio, Thousand Palms, Desert Hot Springs, North Palm Springs, Cathedral City, Garnet Gardens and Palm Springs in upper Coachella Valley, Riverside County, and in Morongo Valley and Paradise Valley in San Bernardino County. The San Bernardino properties are not involved in the instant application.

Exhibit No. 1 is a map which shows, in green, those portions of applicant's service areas inside District's boundaries and, in red, those portions outside thereof.

When it became evident at the hearings that the Schedules of Refund Agreements attached to the original application as Exhibit "E" were incomplete and in error, applicant's president testified that applicant would honor all of its obligations whether specifically set forth in Exhibit "E" or not. He further testified that refund agreements of advances for construction would take precedence over any of applicant's other general obligations and that the stipulations entered into with District, which were the basis of the Judgment and Order of Condemnation, provided that District should satisfy the Judgment on the basis of \$2.25 per month for service connections on water mains acquired from applicant and \$1.00 per month for service connections indirectly supplied by those mains, and that the funds accumulated by such payments by District to applicant would be more than sufficient to meet applicant's obligations under refund agreements. Exhibit "E" of the amendment to the application includes all refund agreement obligations of applicant, including stipulations entered on the record herein.

When it became evident at the hearings that District's future terms, conditions of water service, and rates for the furnishing of water service to applicant's service areas lying outside District's boundaries were uncertain and might constitute financial burdens on the subdividers, property owners and consumers in such areas, District passed its Ordinance No. 915, dated May 8, 1962, which is Exhibit No. 8 herein. By said ordinance, (1) District dedicated to the service of the present and future domestic water consumers located outside its boundaries, but within applicant's service area, sufficient of the water supply and water production, storage, and distribution facilities located within applicant's service area and acquired by District from applicant to provide adequate domestic water service for said consumers; (2) water service to the portion of applicant's service area lying outside of District's boundaries will be pursuant to District's rules and regulations relating to domestic water service and inclusion within the District will not be a condition of water service to the lands within said portion of said service area; and (3) for water or water service to those portions of applicant's service area lying outside District's boundaries, District will charge no more than it charges for equivalent water or water service within District's boundaries plus such additional amount as would represent from time to time an equitable share of the taxes collected within the District to defray the reasonable cost of such water and water service, including capital costs. The ordinance became effective on its date.

The record shows that some of applicant's consumers, when they made advances to the applicant for construction of water

facilities to their properties, were given to understand that there would be no additional cost for a service connection and a meter. Since acquisition of the properties by the District, such customers have been required to pay \$110 for water service, including a service connection and a meter, of which the service connection cost is \$60.

The record shows that some of applicant's consumers who made advances to the applicant for construction paid for service pipe and its installation which, the record shows, was never installed by applicant but which was purchased by applicant and, in some instances, installed elsewhere, and later acquired by District. The record shows further that in these instances and others, applicant did not adjust the consumer's advance of the estimated cost of construction to its actual cost.

Based on the record, the following findings and conclusions are made:

1. The proposed Irrevocable Depository Agreement, Exhibit "E" of the application as amended is reasonable and should be authorized. ✓

2. In those instances in which applicant has received advances for construction from prospective consumers and in which application was made by consumers for water service prior to May 31, 1961, applicant, reasonably, should within sixty days reimburse such consumers for the cost of the service connection demanded or collected by Coachella Valley County Water District, which said cost to be reimbursed is \$60 per service connection.

3. Applicant should, within sixty days, adjust consumers' advances of estimated costs of construction to reasonable actual costs. In those instances in which subdividers made advances covering the costs of pipe and its installation and in which such pipe was not installed pursuant to the agreements covering such advances, applicant should refund the subdividers' advances therefor.

4. The public interest requires that Rancho Ramon Water Co. be relieved of its public utility obligations in Riverside County.

5. The order which follows should become effective when Rancho Ramon Water Co. has certified to the Commission (1) that it has executed the agreement Exhibit "E"; (2) that it has reimbursed consumers for any service connection for which application was made prior to May 31, 1961 by a consumer who had made an advance for construction relating to such connection; and (3) that advances by consumers based on estimated costs of construction have been adjusted to reasonable actual costs.

O R D E R

Based on the findings and conclusions hereinabove set forth,

IT IS ORDERED that:

1. Rancho Ramon Water Co. is authorized to carry out the terms of the Irrevocable Depository Agreement attached to the application as amended as Exhibit "E" between Rancho Ramon Water Co. and Bank of America National Trust and Savings Association requiring deposit by depositor of the sum of \$1,240,112.83 with the bank as depository, which said agreement is approved.

2. Applicant shall, within sixty days after the date hereof, make reimbursement of the cost, up to \$60, of any service connection for which application was made to applicant prior to May 31, 1961 by a consumer who had made an advance for construction relating to such connection.

3. Applicant shall, within sixty days after the date hereof, adjust advances by consumers which were based on the estimated cost of construction to the reasonable actual cost. In those instances in which subdividers made advances covering the costs of pipe and its installation and in which such pipe was not installed, applicant shall refund the subdividers' advances therefor.

4. Rancho Ramon Water Co. shall file in quadruplicate with this Commission, within thirty days after the effective date of this decision, in conformity with General Order No. 96-A and in a manner acceptable to this Commission, such revised tariff sheets, including tariff service area maps, as are necessary to discontinue the application of its present tariff schedules to Riverside County. Such revised tariff sheets shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

5. Upon compliance with the conditions of this order, Rancho Ramon Water Co. shall stand relieved of all further public utility obligations and liabilities in connection with the operation of its public utility water systems in Riverside County.

The effective date of this decision shall be the twentieth day after the date hereof or the date applicant shall have certified to the Commission in writing that it has complied with paragraphs 1, 2 and 3 herein, whichever date is later.

Dated at San Francisco, California, this 31st day of JULY, 1962.

George L. Grover
President

Walter J. Mitchell

W. J. Fox

Walter W. Regie

Fredrick B. Hobbey
Commissioners

APPENDIX "A"

APPEARANCES

John Moore Robinson, for applicant.

Redwine and Sherrill, by Maurice C. Sherrill, for Coachella Valley County Water District; Saul Ruskin, for Ramon Palms Mutual Water Company; W. David Etchason, for Ira L. Moore and Celia K. Moore; John L. Welbourn, for Victor Van Ness; Victor R. White, for Ralph Young Development Co., Inc.; Austin E. Finch, for Desert Hot Springs County Water District; Thompson & Colegate, by F. Gillar Boyd, Jr., for Desert Hot Springs County Water District and North Palm Springs County Water District; Harold F. Neill, Ralph T. Merriam, George H. Miller, Carlton W. Lampman, James H. Tierney, James G. Dever, and Mary Kirsch, in propria personae, interested parties.

Guy L. Anderson, for Sierra View Estates; Albert W. Scharf, for North Palm Springs Chamber of Commerce and in propria persona; Edward F. Taylor, for Warren and Vesta Coble; W. T. Carpenter, for Palm Village Land Co.; Ella Dolan, for 45 or more property owners; E. M. Peterson, for Palmeras Estates Co.; A. Harvey Anderson, Michael A. Westerlin, R. H. McDonald, Maury M. Pavy, and Leo Bookman, in propria personae; protestants.

Elinore Charles, Richard Entwistle, and Jerry Levander, for the Commission staff.