

ORIGINAL

Decision No. 66133

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION)
OF JOSHUA TREE SERVICE COMPANY)
FOR AUTHORITY TO ADJUST RATES)
CHARGED BY IT FOR WATER SERVICE)

Application No. 45300
(Filed March 29, 1963)

Donald D. Stark, for applicant.
Paul R. Thompson, in propria persona,
protestant.
C. E. Manes, for Section 12 1 South
6 East; Breck L. Nott, for Joshua
Tree Recreation & Park District;
Howard Rutan, for Morongo Unified
School District; and Carl Henry,
in propria persona, interested
parties.
R. E. Heytens and D. B. Steger, for
the Commission staff.

O P I N I O N

As noted hereinabove, this application was filed on March 29, 1963, by Joshua Tree Service Company, a public utility water corporation, for authority to increase its rates for water service in and about the unincorporated community of Joshua Tree in the High Desert region of the Morongo Basin, San Bernardino County.

The proposed increase in rates, based on applicant's estimate of its 1963 operations, would produce approximately \$10,000 of additional annual revenue (from \$21,900 at present rates to \$31,800 at proposed rates), an over-all increase of 45.2 per cent. By its letter dated June 5, 1963, the applicant

requested that hearing on the application be suspended pending the filing of additional applications. However, by its letter dated July 10, 1963, the applicant stated that it was ready to proceed.

Public hearing was held before Examiner Warner on August 28, 1963, at Joshua Tree. About 70 persons attended. The majority protested the application, but about 12 of those present indicated their support of the application.

In July, 1962, all of applicant's capital stock was purchased by Caleasco, Inc., which is owned principally by John Moore Robinson, applicant's president, who is also president of La Mirada Water Company, which serves approximately 3,600 customers in La Mirada, Los Angeles County. Robinson is president of Rancho Ramon Water Co., which recently sold all of its Riverside County properties in Coachella Valley to Coachella Valley County Water District, but retained a public utility water system in Paradise Valley, San Bernardino County, adjacent about five miles to the east of applicant's service area. In February, 1963, applicant acquired a water system from Ruth Schneider, a realtor, Leonard Wikoff, developer, and Title Insurance and Trust Company of San Bernardino, in Friendly Hills, an area contiguous to applicant's service area on the west thereof, for an aggregate consideration of \$122,341, including down payment of \$9,450 and the balance payable over a period of approximately 20 years at a rate not to exceed \$150 per customer.

Applicant was granted a certificate of public convenience and necessity by Decision No. 38154, dated August 14, 1945, in Application No. 26451. Its rates for water service were established by said decision and those rates constitute the present rates. Upon acquiring the Friendly Hills system, applicant metered 49 customers, who had been formerly flat rate customers at \$2.00 per customer per month, and applied its tariffs to water service to such customers. Some customers receiving water service were not metered, and one customer testified that he had never been rendered a water bill and had never paid a water bill.

Applicant's total service area comprises 2,922 acres, some of which is unserviceable because of rough terrain. Water service is furnished to approximately 550 customers.

Applicant's president, who is a public accountant and an attorney, testified that he had prepared the application. He explained that in Exhibit "A", a comparative balance sheet at December 31, 1961 and 1962, the amount of \$110,995.47 had been transferred from advances for construction to capital surplus in 1962 by action of the board of directors. He testified that existing tanks and reservoirs in the amount of \$10,889 had been omitted from Exhibit "E", which is a schedule of utility plant and annual depreciation accrual for the years 1962 and 1963. He further testified that all operating revenues, some expenses, and all capital related to the Friendly Hills system, either installed or under construction, had been omitted from the instant application.

Upon disclosure by the applicant of the deficiencies in and the incompleteness of the application, the presiding officer gave applicant an opportunity to request a continuance and to amend the application and thereby complete it for the Commission's consideration, or to submit the matter on the prima facie showing made by the application and by the testimony of the president. The latter choice was made, and the matter was submitted for decision.

Although the Commission staff announced that it was prepared to offer a report on the results of an investigation of the application by its accountants and engineers; that said report had been distributed to the applicant in advance of the hearing; and that it was prepared to submit a financial report on rate of return, no evidence by staff engineers or accountants was taken and the reports were not received.

Because of the gross deficiencies in the application, the Commission, based on applicant's showing, is unable to determine applicant's need, if any, for rate relief. The estimated operating revenues for a test year omit the revenues from the Friendly Hills system, which said revenues would, for the major part of the year 1963, include 49 customers on a metered basis rather than on a flat rate basis. Certain expenses associated with service to said customers have been omitted, and utility plant in service and annual depreciation accrual have been omitted by the applicant in its presentation to the Commission.

Because of the omissions heretofore outlined, the Commission finds that the reasonableness of the application cannot be determined and that applicant has failed to sustain the allegations of the application. The Commission concludes that the application should be denied for lack of showing.

O R D E R

IT IS ORDERED that Application No. 45300 is denied.

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

Dated at San Francisco, California, this 15th day of OCTOBER, 1963.

William L. Bernard
 President

Robert W. Ray

Frederic B. Haloliff

Commissioners

Commissioner George G. Grover
present but not voting.