

ORIGINAL

Decision No. 68517

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PALM VALLEY WATER COMPANY, a corporation, for a certificate of public convenience and necessity to provide domestic water service as a public utility in the vicinity of Indian Wells, Riverside County, California.

Application No. 47122
(Filed November 18, 1964)

OPINION AND ORDER

Palm Valley Water Company seeks a certificate of public convenience and necessity to extend its public utility water system to and operate it in Tracts Nos. 3155 and 2865 in unincorporated territory of Riverside County in the areas delineated on the maps, Appendix "A", attached to the application. Each tract is contiguous on the north to applicant's presently certificated area in its Indian Wells Division south of and along Highway No. 111 between Palm Springs and Indio.

Applicant furnishes water service to 535 customers in three separate areas comprising a total of approximately 6,280 acres. By Decision No. 58499, dated May 22, 1959, in Application No. 40991, applicant was granted a certificate covering its 718-acre Indian Wells Division where it is presently serving 270 customers; by Decision No. 68200, dated November 10, 1964, extension of service to Tract No. 2817 with a potential of 50 customers was authorized; and, at ultimate development, there will be approximately 1,200 customers within the existing and proposed certificated area of the Indian Wells Division.

By Decision No. 61583, dated February 28, 1961, in Application No. 42765, and Decision No. 68200 (supra), restrictions were imposed against applicant's extending its system outside its certificated area boundaries without further order of the Commission. Except for said restrictions and the limitations in its main extension rule (Section A.2. "Limitation of Expansion"), applicant could extend into the areas requested herein under the provisions of Section 1001 of the Public Utilities Code.

A Commission staff engineer has investigated the application and his report thereon, dated December 29, 1964, is received as Exhibit No. 1.

The initial extension is proposed for Tract No. 3155 comprising 34 lots upon which the subdivider plans to construct 32 homes and a condominium. The extension to said tract is planned to be made pursuant to a subdivider's main extension agreement whereby the subdivider will advance \$10,343. This would increase applicant's ratio of advances for construction to net utility plant to approximately 51 per cent, and authority is sought under Section A.2 of applicant's Main Extension Rule No. 15 to deviate from the 50 per cent ratio limitation of the rule. By the time extension to Tract No. 2865 comprising approximately 119 lots is made, applicant intends to have decreased the then existing ratio by payment of refunds, by construction and equipment of a well at an estimated cost of \$21,600, by seeking authorization to finance the termination of the Country Club Village contract of \$47,144 by long-term debt, or by termination of other advance contracts. All of applicant's refund payments on advances for construction are current; estimated refunds for 1964 and 1965 are \$8,320 and \$9,175, respectively; and

accrued refunds of \$6,795 for 1964 have been paid. Net income from operations in 1963 totaled \$9,769, and applicant proposes to meet refund payments with net income from operations, additional capital from its principals, or by borrowing.

By a letter to the Commission, dated December 1, 1964, Coachella Valley County Water District stated that it had no objection to the instant application. There are no other public utilities or agencies serving water in the vicinity of the proposed area.

Exhibit No. 1 shows that applicant's water supply is adequate and that its water system has been constructed and is operated in accordance with the provisions of General Order No. 103.

Applicant proposes to apply its present tariffs to the requested area.

The Commission finds that:

1. Palm Valley Water Company is a public utility water corporation under the jurisdiction of this Commission furnishing water service to 535 customers in three separate areas comprising a total of approximately 6,280 acres in unincorporated territory of Riverside County north and south of Highway No. 111 between Palm Springs and Indio.

2. Requests for water service to serve Tracts Nos. 3155 and 2865, comprising 34 lots and 119 lots, respectively, adjacent to its presently certificated Indian Wells Division service area, have been received by applicant, and there is an immediate demand for water service to said tracts.

3. Except for the restrictions against applicant's extending its water service imposed by Decisions Nos. 61583 and 68200 and the limitation in its main extension rule (Section A.2. "Limitation of Expansion"), applicant could extend its water system contiguously under the provisions of Section 1001 of the Public Utilities Code.

4. Applicant's water supply and its presently installed water system facilities are adequate.

5. Applicant's request to deviate from its Rule No. 15 and enter into a subdivider's main extension agreement, which would cause applicant's ratio of advances for construction to net utility plant to be approximately 51 per cent and thereby to exceed the 50 per cent ratio limitation imposed by the rule, is reasonable.

6. Applicant's proposal to apply its present tariffs to Tracts Nos. 3155 and 2865 is reasonable.

7. Public hearing is not necessary.

The Commission concludes that the application should be granted.

The certificate hereinafter granted shall be subject to the following provision of law:

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.

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Palm Valley Water Company authorizing it to extend its

water system to and operate a public utility water system in Tracts Nos. 3155 and 2865, in Riverside County, in the areas delineated on the maps attached to the application herein as Appendix "A".

2. Within one year after the effective date of this order, and not less than five days before service is first furnished to the public under the authority granted herein, applicant may file revised tariff service area maps to provide for the application of its present tariff schedules to the area certificated herein. Such filing shall comply with General Order No. 96-A and the tariff schedules shall become effective on the fourth day after the date of filing. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

3. Within ten days after service is first furnished to the public under the authority granted herein, applicant shall submit written notice thereof to this Commission.

4. Within sixty days after service is first furnished to the public under the authority granted herein, applicant shall file in this proceeding four copies of a revised comprehensive map of its Indian Wells Division, drawn to an indicated scale of not more than 400 feet to the inch, delineating by appropriate markings: (a) the tracts of land and territory served; (b) the principal water supply, transmission, pressure, storage and distribution facilities; and (c) the location of applicant's various water system properties.

5. The limitation of expansion imposed by Section A.2.a of applicant's main extension rule is lifted to the extent that

applicant may extend its distribution mains to serve Tract No. 3155. In all other respects this limitation shall remain in full force and effect.

6. Except for the authorization herein granted, the restrictions against extension of service imposed by Decisions Nos. 61583 and 68200 shall remain in full force and effect.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 22nd day of JANUARY, 1965.

Frederick B. Holbrook
 President

Edwin E. [Signature]

George G. [Signature]

 Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.