

Decision No. 68673

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
SPRING CREST WATER AND POWER COMPANY,)
a California corporation, for a)
Certificate of Public Convenience)
and Necessity to Operate a Water)
Company to Distribute and Sell Water,)
and for an Order Authorizing Applicant)
to Issue Stock.)

) Application No. 47059
) (Filed October 20, 1964)
) (Amended December 9, 1964)

OPINION AND ORDER

Spring Crest Water and Power Company, incorporated April 28, 1964, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 2947 comprising 67 lots on 158 acres in Section 17, T7S, R5E, SBB&M, in unincorporated territory of Riverside County.

Establishment of rates for water service and authority to issue 600 shares of its authorized 1,000 shares of common no par value stock and \$20,000 of long term notes, or, in the alternative, 800 shares of stock only are sought.

Applicant's principals are William E. Newell and Gloria Newell who are the present owners of land they propose to develop as Tract No. 2947, known as Spring Crest, Riverside County, located near the summit of the Pines to Palms Highway in the Santa Rosa Mountains about 14 miles southwest of Palm Desert. Elevations range from 4,300 feet to 4,200 feet. Eight commercial,

one R-2 residential, 13 R-3 multiple dwelling, and 45 R-1 single-family residence lots are proposed.

A report, dated February 9, 1965, on applicant's proposed operations has been submitted by a Commission staff accountant and a Commission staff engineer together with a memorandum, dated February 11, 1965, relating to said report submitted by a Commission staff accountant. Said report and memorandum are received as Exhibits Nos. 1 and 2, respectively.

Exhibit No. 1 shows applicant had advised the staff that, by corporate resolution, a stated value of \$200 per share had been assigned to its capital stock and it had reconsidered its proposal to issue long-term notes and now proposes to issue 500 shares of capital stock to Mr. Newell for all initial financing. Exhibit No. 1 shows that Mr. Newell has agreed, and is financially able, to meet applicant's operating deficit, if any, during the initial years of operation.

According to the staff, total initial utility plant will cost \$80,744, after downward adjustments totaling \$1,901 net, as shown on Table 2-A of Exhibit No. 1 and in Exhibit No. 2. Working cash will total \$19,256, which will be used to provide funds for the replacement cost of existing temporary facilities, for the cost of meters and services yet to be purchased and installed, and to temporarily finance operating expenses pending collection of revenues from water operations.

Exhibit No. 1 shows that applicant's sources of water supply include two vertical wells and four horizontal drains. The latter discharge into a 100,000-gallon reservoir. A temporary

2-inch line connecting these drains to the reservoir is lying on top of the ground and is subject to freezing. Applicant does not have a water supply permit from the Riverside County Health Department, but the sources of supply meet said Department's requirements. Exhibit No. 1 shows that no water service has been rendered in the vicinity of the proposed area, and the availability of additional quantities of water for future development is unproven.

Although on November 18, 1964, Coachella Valley County Water District addressed the Commission regarding its interest in applicant's water rights and requested notification of the time, date and place of a public hearing, following the Amendment on December 9, 1964, said District, on January 19, 1965, advised the Commission by letter that it no longer requested a hearing. By said Amendment the Newells agreed to transfer their water rights underlying all of Section 17 to applicant subject to certain reservations, but including those applicable to the two vertical and four lateral wells.

The Commission finds as follows:

1. Public hearing is not necessary.

2.a. There is a demand for water service to Tract No. 2947, Riverside County, and public convenience and necessity require that a certificate of public convenience and necessity be granted to applicant to construct and operate a public utility water system in said Tract.

b. 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.

3.a. Applicant's presently developed sources of water supply and its presently installed water system facilities, except the 2-inch main from the drains to the reservoir, are adequate for the proposed development of Tract No. 2947.

b. Applicant should be restricted from extending its water service or furnishing water service outside the area certificated herein without further order of the Commission because of the unproven possibilities of development of future water supplies.

c. Applicant should be directed to replace the temporary 2-inch line connecting its horizontal drains to its reservoir with a permanent 4-inch or larger line conforming to the requirements of General Order No. 103.

d. Applicant should apply for a water supply permit and file a copy of its application to the State Department of Public Health therefor with the Commission.

4. Applicant's proposal to issue and sell 500 shares of its capital stock having an aggregate stated value of \$100,000 to Mr. William E. Newell is reasonable and should be authorized, the Commission being of the opinion that the money, property, or labor to be procured or paid for by the issuance and sale of such stock is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

5. The rates for water service proposed in the application are reasonable, except that the minimum charges for larger meters are low, and those recommended by the staff in Exhibit No. 1 should reasonably be substituted therefor.

Based on the foregoing findings, it is concluded that the application should be granted, subject to certain conditions, therefore,

IT IS ORDERED that:

1.a. Spring Crest Water and Power Company is granted a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 2947, Riverside County.

b. Applicant shall not extend its water system or furnish water service outside its certificated area boundaries without further order of the Commission.

2. Within thirty days after the effective date hereof applicant shall file an application with the Riverside County Health Department for a water supply permit. A copy of the application shall be filed with the Commission ten days thereafter.

3. Applicant shall, within sixty days after the effective date hereof, install a four-inch or larger line complying with General Order No. 103, from its drains to its reservoir, and shall notify the Commission in writing of its compliance herewith within ten days thereafter.

4. Within one year after the effective date hereof applicant is authorized to file the rates set forth in Appendix A, to be effective on or before the date service is first furnished

to the public under the authority granted, together with rules, a tariff service area map and copies of printed forms normally used in connection with customers' services. Such rules, tariff service area map and copies of printed forms shall become effective upon four days' notice to the Commission and to the public after filing.

5. Applicant shall, within sixty days after the system is placed in operation, file with the Commission two copies of a comprehensive map drawn to an indicated scale of not more than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water source, storage, and distribution facilities; and the location of the various water system properties of applicant.

6. Applicant shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of plant. Applicant shall review the accruals as of January 1st following the year service is first furnished in the area certificated and thereafter when major changes in utility plant composition occur and at intervals of not more than five years. Results of these reviews should be submitted to this Commission.

7. Applicant on or after the date hereof and on or before December 31, 1965, is authorized to issue 500 shares of its no par value capital stock having an aggregate stated value of \$100,000, to William E. Newell for the purposes described in the opinion herein.

8. Spring Crest Water and Power Company shall file with the Commission a report, or reports, as requested by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

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

Dated at Los Angeles, California, this 27th day of MARCH, 1965.

Fredrick B. Holbeck
President
George E. Traver
Secretary
William E. Newell
Commissioners

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Tract No. 2947, and vicinity, located approximately 14 miles southwest of Palm Desert, Riverside County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 500 cu.ft. or less	\$ 3.50
Next 1,500 cu.ft., per 100 cu.ft.30
Next 3,000 cu.ft., per 100 cu.ft.25
Over 5,000 cu.ft., per 100 cu.ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.50
For 3/4-inch meter	4.50
For 1-inch meter	7.50
For 1 1/2-inch meter	15.00
For 2-inch meter	23.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

APPENDIX A
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Schedule No. 9FC

BUILDING CONSTRUCTION FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service furnished for building construction.

TERRITORY

Tract No. 2947, and vicinity, located approximately 14 miles southwest of Palm Desert, Riverside County.

RATE

For each residence or permanent building,
during construction period not exceeding
six months \$3.00

SPECIAL CONDITION

All service not covered by the above classification shall be furnished only on a metered basis under Schedule No. 1, General Metered Service.