

ORIGINAL

Decision No. 71386

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the Jurupa Hills Water Company, a California corporation, to increase its present service area.

Application No. 47910
(Filed September 22, 1965)
(Amended November 15, 1965)
(Amended April 6, 1966)

Robert O. Hunter, for applicant.
Albert Milburn, in propria persona,
protestant.
Jerry J. Levander and E. C. Crawford,
for the Commission staff.

O P I N I O N

A public hearing on the application, as amended to and including November 15, 1965, was held before Examiner Rogers in Riverside, California, on January 3, 1966. At the conclusion of the hearing, the matter was removed from the calendar to permit applicant to file a further amendment. The further amendment was filed on April 6, 1966, and a hearing thereon was held before Examiner Rogers in Riverside, California, on August 11, 1966, and the matter was submitted for decision. Prior to each day of hearing, notice thereof was published as required by this Commission. One consumer appeared and protested the application. All water purveyors in the vicinity of the service area were notified of the hearings, but none appeared at either hearing.

Applicant seeks authority to extend service to two tracts contiguous to its certificated service area and to issue capital stock.

Applicant's present service area consists of approximately 555 acres located in Riverside County two miles east of the community of Pedley. This area varies in elevation from 720 feet to 1,217 feet. As of May 1, 1966, applicant had therein 304 metered customers and no flat rate customers. At ultimate development, the existing service area would contain approximately 800 residential customers. Applicant is now restricted against extending its service area. It proposes to extend its service to include Parcel No. 1 (Tentative Tract No. 3479), which comprises approximately 94.1 acres and is contiguous on the south and east to applicant's existing service area, and to include Parcel No. 2 (Tract No. 3080), which comprises approximately 23.5 acres and is contiguous to and southeast of its present service area (Exhibit 9). Parcel No. 1 is to be subdivided into 33 lots of approximately 2-1/2 acres each, and Parcel No. 2 is to be subdivided into 34 lots. These extensions would increase the ultimate potential development to 867 residential lots.

Applicant's general metered service rates were established by Decision No. 69445 and became effective on September 1, 1965. These rates are to be applied in the tracts herein considered. Applicant has no flat rate services.

At the first hearing it was developed that the applicant's service was deficient due to insufficient pressure, among other things. Certain improvements were made by the applicant during the interim between the first and second hearings. In this interim, the applicant modified the limits of its pressure zones and transferred a portion of the middle pressure zone to the upper pressure

zone. A staff engineer inspected applicant's operations during June, 1966, and observed that pressures within the modified pressure zones conformed to the requirements of General Order No. 103, provided certain modifications were made in applicant's booster pumps. At the last hearing herein, it was shown that applicant had made the modifications suggested by the staff and it was the staff engineer's opinion that with such modifications applicant's system will provide adequate service to all pressure zones at the present time and that the addition of a 150,000-gallon reservoir, as proposed by applicant (Exhibit 9), in the upper pressure zone will provide adequate service for the foreseeable future. The engineer stated, however, that applicant's proposed storage facilities at ultimate development appeared to be insufficient and should be revised upward. The staff engineer did not expect ultimate development until after 1970. The staff engineer recommended that a certificate of public convenience and necessity be granted subject to certain conditions.

One of applicant's customers appeared and protested the granting to applicant of any extension of service to additional territory for the reason that, in his opinion, the service to the existing service area was inadequate. He admitted that at the time of the hearing the applicant's service was satisfactory.

The applicant requests authority to issue \$20,000 par value of additional capital stock. The staff's Finance and Accounts

Division recommended that applicant be authorized to issue \$20,000 in capital stock for the following purposes:

- 1. Issue 110 shares (\$100 par value) to Cinderella Estates (together with \$55 cash), to satisfy debt of \$11,055 . . . \$11,000
 - 2. Issue 90 shares to Robert Hunter in exchange for reservoir and other plant improvements estimated to cost \$15,049 net, to be paid for and conveyed by R. O. Hunter 9,000
- \$20,000

Findings

Upon consideration of the evidence, the Commission finds that:

- 1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
- 2. The money, property or labor to be procured or paid for by the issuance of the stock herein authorized is reasonably required for the purposes specified and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income. The authorization herein granted is not to be construed as a finding of value of applicant's stock or properties, nor as indicative of amounts to be included in any future rate base for determination of just and reasonable rates.
- 3. Applicant's existing rates on file with this Commission are fair and reasonable for the areas authorized to be served by the order herein.
- 4. Applicant's water supply and distribution facilities will provide reasonable service for the proposed certificated areas and meet the minimum requirements of General Order No. 103.

Conclusion

The Commission concludes that the application should be granted subject to the conditions contained in the order herein.

The certificate hereinafter granted 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.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Jurupa Hills Water Company, a corporation, authorizing it to extend, construct and operate its public utility water system in Tentative Tract No. 3479 and Tract No. 3080, Riverside County, California, as such areas are depicted on Exhibit 9 filed herein.
2. Applicant shall not, without further order of this Commission, further extend its service area.
3. Applicant is authorized to apply its presently filed general metered service tariff, Schedule No. 1, to the areas certificated herein.
4. Applicant is authorized to revise, within thirty days after the effective date of this order and in conformity with General Order No. 96-A, such of its tariff schedules,

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including a tariff service area map, as are necessary to provide for the application of its tariff schedules to the areas certified herein. Such tariff sheets shall become effective upon five days' notice to the public and this Commission as hereinabove provided.

5. Applicant shall determine the depreciation rate by (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. It shall review the accruals as of January 1 of the year following the date of transfer, at subsequent intervals of five years and whenever a major change in depreciable plant occurs. The results of each review shall be submitted promptly to the Commission.

6. Applicant, for the purposes herein set forth, may issue not to exceed \$11,000 aggregate par value of its capital stock at par to Cinderella Estates, Inc. and \$9,000 aggregate par value of its capital stock at par to Robert Hunter, for the purposes specified in the opinion herein.

7. Applicant shall file with this Commission a report or reports as required 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 twenty days after the date hereof.

Dated at San Francisco, California, this 14th day of OCTOBER, 1966.

[Signature]
President
George H. Brewer
Frederick B. Hallock
Attorney
William M. Bennett
Commissioners