

Decision No. 89402 SEP 19 1978**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
 the Southern California Water Company
 for an order granting a certificate
 of public convenience and necessity
 to render water service in area
 served by the Santa Carmelita Mutual
 Water Company, Riverside County.

Application No. 58110
 (Filed May 26, 1978)

O P I N I O N

Southern California Water Company (Applicant) seeks a certificate of public convenience and necessity pursuant to Section 1001 of the Public Utilities Code to provide service in the area now served by the Santa Carmelita Mutual Water Company (Santa Carmelita) in the vicinity of La Quinta in Riverside County. Applicant further requests that the application be granted ex parte. Although not stated in the application, Applicant has advised the Commission staff that it is most desirable that a decision be issued as expeditiously as possible to avoid an increased cost due to expansion of Santa Carmelita.

General

Applicant provides service to about 216,516 customers in 22 operating districts in the counties of Contra Costa, Imperial, Lake, Los Angeles, Orange, Sacramento, San Bernardino, San Luis Obispo, Santa Barbara and Ventura. (Applicant possesses Certificates of Public Convenience and Necessity to operate in each of these counties.) This includes customers and service areas formerly served by the California Cities Water Company, which was merged with Applicant on August 11, 1978 pursuant to Decision No. 89131, dated July 25, 1978, in Application No. 58175. Applicant's balance sheet is attached to

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the application as Exhibit A. Applicant's Desert District, comprised of Morongo Valley and Victorville systems, serves about 1,400 customers. Applicant states that it intends to integrate the Santa Carmelita system into its Desert District operationally because of proximity to Santa Carmelita (the Morongo Valley system is located approximately 40 miles northwest of Santa Carmelita).

Santa Carmelita, a California corporation, is a mutual water company as defined in Section 2705 of the Public Utilities Code of the State of California. Its balance sheet is attached to the application as Exhibit B. Santa Carmelita serves approximately 1,200 customers in an unincorporated area of Riverside County in the vicinity of La Quinta, approximately six miles southwest of the City of Indio. A map of Santa Carmelita's service area is attached to the application as Exhibit D.

Sales Agreement

Exhibit C to the application is a copy of the Sales Agreement between Applicant and Santa Carmelita. In the Sales Agreement, as well as in the application itself, Applicant represents that it intends to provide service in accordance with its filed rules and tariffs, exclusive of rates, in the area now served by Santa Carmelita and that any required water distribution facilities will be installed according to General Order No. 103. Purchase price is \$250,000 plus cost of equipping Wells Nos. 1 and 4, and 95% of accounts receivable.

Notification

Applicant certifies that it mailed copies of the application to the La Quinta Water Company, a public utility subject to regulation by this Commission and to the Coachella Valley County Water District. Santa Carmelita in its Notice of Annual Meeting of Shareholders

informed its shareholders that at its Annual Meeting scheduled for August 22, 1978 the proposed sale to Applicant would be considered. The explanation which accompanied the Notice stated that the

"Board of Directors has determined that the community of La Quinta can better be served by a larger, financially stronger and more experienced water company. Santa Carmelita Mutual Water Company has served the community well for 40 years but those years were when La Quinta was small and the system newer. During the last year La Quinta has more than doubled its number of home water users, and it appears that it will continue to grow at a rate faster than we can properly handle ..."

The shareholders approved the transaction at the Annual Meeting held on August 22, 1978.

The Commission has received no protests to the proposed acquisition or request for certificate.

Rates

Applicant asserts that it intends to maintain the present rates of Santa Carmelita at least for one year following the date of closing. Santa Carmelita's rates are as follows:

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 2,000 cubic feet, or less	\$7.50
Over 2,000 cubic feet, per 100 cubic feet20
Minimum Charge:	
For 1-inch meter	\$7.50
For 1-1/2-inch meter	7.50

Findings

1. The area served by Santa Carmelita is under development and there is no question that water service will be a continuing requirement.
2. Applicant has the financial resources and ability to improve, install and operate a satisfactory water system.
3. Santa Carmelita and its shareholders have authorized the sale to Applicant and have expressed a desire that Applicant provide water service in the area now served by Santa Carmelita.
4. Community values, recreation and park areas, historic and aesthetic values, and influence on the environment will not be adversely affected through acquisition by Applicant of this water system.
5. The reported depreciated cost of \$332,000 and base purchase price of \$250,000 will be considered by the staff in processing the Applicant's proposed journal entries.
6. Public convenience and necessity require that service be provided in the area now served by Santa Carmelita.
7. The granting of a Certificate of Public Convenience and Necessity would not be adverse to the public interest.
8. The prevailing rates for water service are not unreasonable in the affected area.
9. A public hearing is not necessary.

Conclusion

The Commission concludes that this application should be granted in accordance with the ensuing order, effective on the date hereof as requested by the utility. There have been no objections and there is no apparent reason for delay. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

The authorization granted herein shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. A Certificate of Public Convenience is hereby granted to Southern California Water Company to serve in the area now served by Santa Carmelita Mutual Water Company, in the vicinity of La Quinta, Riverside County.

2. Within one year after the effective date of this order and not less than five days after the commencement of service under the authority granted herein, Applicant may file tariff sheets, including the rate schedule now prevailing in the affected area and a service area map. Such filing shall be in conformity with General Order No. 96-A and the tariff sheets shall become effective on the fourth day after the date of filing.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 1964 day of SEPTEMBER, 1978.

Robert Bateman
President
William S. Young, Jr.
Vernon L. Sturgeon
Richard W. Stovall
Clare T. DeWitt
Commissioners