

L/bh

92453

DEC 2 - 1980

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THOMAS K. JONES, IDA L. JONES, his)
wife, L. R. UNSER and IRENE L. UNSER,)
his wife, doing business as MOUNTAIN-)
AIRE WATER COMPANY, for a certificate)
of public convenience and necessity)
to operate a public utility system in)
Mountain-Aire Subdivision, Tulare)
County.)

Application No. 43303
(Filed April 11, 1961)

Application of L. R. UNSER, IRENE L.)
UNSER, THOMAS K. JONES, and IDA L.)
JONES, doing business as MOUNTAIN-AIRE)
WATER COMPANY to sell and LARIAT)
CORPORATION to buy the water system)
in Tulare County.)

Application No. 58208
(Filed July 10, 1978)

ORDER REOPENING APPLICATION NO. 43303 (DECISION NO. 62331)
AND CONSOLIDATING REOPENED PROCEEDINGS WITH
APPLICATION NO. 58208

By Decision No. 62331 issued on July 26, 1961, Applicants THOMAS K. JONES, IDA L. JONES, L. R. UNSER and IRENE L. UNSER, doing business as MOUNTAIN-AIRE WATER COMPANY (hereinafter "Mountain-Aire"), whose mailing address is P.O. Box 100, Springville, California 93265, were granted a Certificate of Public Convenience and Necessity to operate a public utility water system to supply a 50 acre area known as Mountain-Aire Subdivision, Tract No. 293, in an unincorporated area of Tulare County, approximately 35 miles east of Porterville and about 21 miles east of the community of Springville.

At the time the certificate was granted, Applicants proposed to divide the subdivision into 120 lots, each averaging approximately 12,000 square feet, and then to sell the lots to purchasers interested in constructing mountain resort-type buildings thereon.

As proposed, water was to be siphoned from two wells located adjacent to the southwest corner of the subdivision to an intermediate storage tank, and thereafter transferred to a 52,000 gallon steel storage tank located on the subdivision itself by means of a gasoline engine driven pump. The gasoline pump was to be replaced by an electrically operated pump, equipped with automatic controls, upon institution of subdivision electrical service, which was predicated on request for electrical service by ten subdivision residents.

The total cost of the system, including 96 metered services and 8 fire hydrants, was estimated to be \$33,000, and Applicants proposed to finance construction costs with their personal funds.

Due to winter inaccessibility, Applicants proposed to render only eight-month seasonal service, and proposed figures for both seasonal residential flat rate service and seasonal general metered service. These scheduled figures were incorporated in Decision No. 62331 granting the certificate.

At the time of the application, 21 lots had been sold and two cabins were under construction within the subdivision. As stated in Decision No. 62331, at Paragraph 1, page 5, "Applicants do not expect more than 20 or 25 percent of them will be built upon within the next two or three years, and anticipate that probably no more than 80 percent of all of the lots will be built upon. Applicants are aware that until such time as that percentage of occupancy is attained, operating revenues from the water system may not exceed expenses of operation. They appear to have the requisite financial ability and to be willing to carry on the operation of the water system during this interim period."

The Commission conditioned issuance of the certificate on, among other things, Unser/Jones' written notification to the Commission of the date service was first rendered to the public under the rates and rules authorized in Decision No. 62331 (Ordering Paragraph 2). To date, Unser/Jones have not submitted the requisite written notice pursuant to Ordering Paragraph 2.

A. 53303, A. 58208 L/bh

On July 10, 1978, the Jones/Unser group filed an application to sell the subject water company (Application No. 58208) to Lariat Corporation, whose mailing address is 1617 Westcliff Drive, Newport Beach, California 92660. Lariat Corporation joined in the filing of Application No. 58208.

Investigation by the Commission staff undertaken in connection with Application No. 58208 indicates that, since the issuance of the certificate to Jones/Unser in 1961, Mountain-Aire has never charged subdivision property owners for water service pursuant to the applicable rates and rules filed with the Commission in 1962 and 1963. The staff investigation further revealed a present lack of electric service to the subdivision.

The 1979 Annual Report filed with the Commission by Mountain-Aire lists no operating revenues, no operating expenses, and only a \$213 depreciation expense. In these particulars the 1979 Annual Report does not deviate from the nine previous Annual Reports submitted by Mountain-Aire. Similarly, no meters or fire hydrants are listed in these Annual Reports.

Further examination of the 1979 Annual Report indicates that the Unser/Jones certificateholders have, within the prior year, transferred Mountain-Aire to Lariat Corporation without securing a Commission order authorizing this transfer, in contravention of Section 851 of the Public Utilities Code.

IT IS ORDERED, therefore, that Application No. 43303 be reopened pursuant to Section 1708 of the Public Utilities Code to consider the following questions:

1. Whether the current water system in this area serves the objectives of public convenience and necessity.
2. Whether the operations of this water company are economically viable, both from a present and future standpoint.
3. Whether the Certificate of Public Convenience and Necessity issued in Decision No. 62331 should be suspended, canceled or revoked.

IT IS FURTHER ORDERED that the above-captioned reopened application proceedings be consolidated with the application to transfer (Application No. 58208), since these proceedings involve related issues of law and fact.

Applicants are placed on notice that the Commission intends, by means of these reopened proceedings, to determine whether the certificate granted Applicants by Decision No. 62331, together with the rights, privileges and obligations conferred therewith, should remain in full force and effect. Applicants are therefore cautioned not to engage in any capital expenditures or to incur any indebtedness in conjunction with provision of water service subject to this certificate, until the Commission has completed its determination.

Public hearings in these consolidated proceedings shall be held before Administrative Law Judge John W. Mallory on a date to be set in the Commission Courtroom, State Building, 350 McAllister Street, San Francisco, California. The Commission believes that it is imperative that all property owners in the subdivision be notified of this hearing. Therefore, we order Applicants to provide a list of property owners within their service area to the Executive Director within thirty days of the date of this order. The Executive Director shall then mail notice of these public hearings to the persons on this list.

The Executive Director is further directed to cause a certified copy of this order to be sent forthwith by certified mail to Applicants Thomas K. Jones and Ida L. Jones (492 W. Kanai, Porterville, California), L. R. Unser and Irene Unser (P. O. Box 465, Springville, California 93265) dba Mountain-Aire Water Company.

A. 43303, A. 58208 L/bh

The Executive Director is further directed to cause a certified copy of this order to be mailed forthwith to Frank Janoko, Secretary-Treasurer of Lariat Corporation, 1617 Westcliff Drive, Suite 105, Newport Beach, California 92660.

The effective date of this order is the date hereof.

Dated ~~_____~~ DEC 2 1980, at San Francisco, California.

John E. Byrne
resident

Richard P. Gault

Samuel J. Davis
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.