

ERA

Decision No. 15956-

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of }
BALLONA WATER COMPANY, }
for an order authorizing the }
issuance of stock. }

Application No. 12151

In the Matter of the Application of }
BALLONA WATER COMPANY, }
for a certificate of public con- }
venience and necessity and to main- }
tain and operate a plant for the }
supplying of domestic and irriga- }
tion water. }

Application No. 12396

Moote and Patterson, by F. D. R. Moote,
for applicant.

BY THE COMMISSION:

O P I N I O N

At a hearing had on the above entitled applications on
January 20th before Examiner Fankhauser the two proceedings were,
with the consent of applicant, consolidated for hearing and
decision. In Application No. 12151 the Ballona Water Company
asks permission to issue \$87,757. par value of its common capital
stock in payment for water properties which it intends to operate.

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as a public utility. In Application No. 12396 the Ballona Water Company asks permission to operate a public utility water plant and charge the rates to which reference will hereafter be made.

The Ballona Water Company was organized during July, 1925, with an authorized capital stock of \$150,000. divided into 1,500 shares of the par value of \$100. each. The company under its Articles of Incorporation is authorized to acquire and construct all property necessary to supply water for domestic, agricultural and other uses. The Articles of Incorporation do not limit the territory within which applicant may operate.

Applicant intends to acquire from F. J. Seymour that certain franchise granted by the Board of Supervisors of Los Angeles County known as Franchise No. 1179, which grants the right to lay down and maintain for a period of forty years, a system of water pipes not to exceed eight inches in diameter in, under and along the public highways, streets and alleys in tracts Nos. 7888, 8222, 5498, 7782 and 7861. A copy of the franchise is attached to the petition in Application No. 12151 and marked "Exhibit B." It is of record that W. L. Pollard has applied for a franchise similar in terms to Franchise No. 1179 to lay down and maintain for a period of forty years a system of water pipes under and along the public highways, streets and alleys in Tract No. 6139.

The testimony shows that both F. J. Seymour and W. L. Pollard will transfer their franchises to applicant corporation. The territory that will be served by applicant is located in the County of Los Angeles, in an area bounded on the west by the City of Santa Monica and on the north and east by the City of

Los Angeles.

Applicant in its Exhibit No. 1 prepared by the Utility Engineering Company, reports the historical cost of the properties which it proposes to acquire at \$87,757. This cost is segregated as follows:-

<u>Account</u>	
Organization	\$1,000.00
Franchises and water rights.	5,530.00
Landed capital	16,500.00
Buildings, structures and grounds.	1,954.00
Wells.	4,313.00
Pumping equipment.	6,314.00
Distribution mains	40,926.00
Distribution, tanks and reservoirs	8,855.00
Services	590.00
Meters	575.00
Miscellaneous distribution equipment	700.00
General office equipment	-
Materials and supplies	<u>500.00</u>
Total.....	<u>\$87,757.00</u>

It appears from the record that not all of the landed capital nor of the transmission or distributing mains are actually in use at this time. Approximately 57 unmetered active services are attached to the water system which applicant intends to acquire. While the order herein will authorize the issue of \$87,800. par value of common stock in payment for the properties referred to herein, it should be understood that the authority to issue such stock is not a determination as to what portion of the properties are operative or non-operative.

The Ballona Water Company proposes to charge the following rates:-

FLAT RATE

Dwellings - - - - - \$2.00

METERED RATES

Monthly Minimum:

5/8 inch x 3/4 inch meter	\$1.50
3/4 inch meter	2.00
1 inch meter	2.50
1-1/2 inch meter	3.50
2 inch meter	5.00
3 inch meter	7.50
4 inch meter	10.00
6 inch meter	15.00

Quantity Rate:

0 to 500 cu. ft. - - -	-30¢ per 100 cu. ft.
500 to 1500 cu. ft. - - -	-25¢ per 100 cu. ft.
1500 to 3000 cu. ft. - - -	-20¢ per 100 cu. ft.
3000 to 5000 cu. ft. - - -	-15¢ per 100 cu. ft.
All over 5000 cu. ft. - - -	-12¢ per 100 cu. ft.

Consideration has been given to applicant's proposed rates and we believe that the flat rate should be reduced to \$1.50 per month for domestic purposes and that for sprinkling lawns and shrubbery a rate of \$.005 per square yard should be charged.

ORDER

Ballona Water Company having applied to the Railroad Commission for permission to operate a water plant, to charge certain rates and to issue \$87,800. of stock to acquire said water plant, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant and that applicant's request should be granted as provided in this order and only to the extent as provided in

this order, therefore,

THE RAILROAD COMMISSION HEREBY, finds and declares that public convenience and necessity require and will require Ballona Water Company to exercise the rights and privileges granted by the Board of Supervisors of Los Angeles County under Ordinance No. 1179 (new series) and to construct and operate a water system for the purpose of supplying water for domestic and irrigation purposes in tracts numbered 7888, 8222, 5498, 7782 and 7861, more particularly described in these applications.

THE RAILROAD COMMISSION HEREBY FURTHER finds and declares that hereafter upon the filing of a certified copy of the ordinance applied for by W. L. Pollard and referred to in the opinion which precedes this order, the Railroad Commission will declare that public convenience and necessity require and will require the exercise by applicant of the rights and privileges granted to it by such ordinance, subject to such terms and conditions as the Railroad Commission may prescribe.

IT IS HEREBY ORDERED that Ballona Water Company be, and it is hereby, authorized to issue \$87,800. par value of its common capital stock in payment for the properties described in applicant's Exhibit No. "1" provided that such properties are transferred to applicant free and clear of all incumbrances and indebtedness and provided further that none of such stock may be issued by applicant until said properties have first been transferred to it.

IT IS HEREBY FURTHER ORDERED that Ballona Water Company be, and it is hereby, directed to file with the Railroad

Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all services rendered subsequent to the effective date of this order.

FLAT RATE

For each residence - - - - - \$1.50
 For sprinkling lawn and shrubbery - - \$.005 per sq. yd.

METERED RATES

Monthly Minimum:

5/8 inch x 3/4 inch meter	\$1.50
3/4 inch meter.	2.00
1 inch meter.	2.50
1-1/2 inch meter.	3.50
2 inch meter.	5.00
3 inch meter.	7.50
4 inch meter.	10.00
6 inch meter.	15.00

Quantity Rate:

0 to 500 cu. ft. - - - -	30¢ per 100 cu. ft.
500 to 1500 cu. ft. - - - -	25¢ per 100 cu. ft.
1500 to 3000 cu. ft. - - - -	20¢ per 100 cu. ft.
3000 to 5000 cu. ft. - - - -	15¢ per 100 cu. ft.
All over 5000 cu. ft. - - - -	12¢ per 100 cu. ft.

IT IS HEREBY FURTHER ORDERED that Ballona Water Company be, and it is hereby, directed to file with the Railroad Commission within thirty (30) days from the date of this order rules and regulations governing the distribution of water to consumers, said rules to become effective upon their approval by this Commission.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to exercise rights and privileges under said Ordinance No. 1179 (new series) and under the ordinance for which W. L. Pollard has made application to the Board of Supervisors of Los Angeles County will not become effective until applicant has filed with the Railroad Commission a stipulation duly authorized by its Board of

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Directors declaring that Ballona Water Company, its successors and assigns, will never claim before the Railroad Commission or any court or other public body a value for the rights and privileges granted under said ordinance in excess of the amount paid to the County of Los Angeles as a consideration for the grant of such rights and privileges, which amount shall be set forth in the stipulation and shall have received from the Railroad Commission a supplemental order declaring that such stipulation has been filed in a form satisfactory to the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that Ballona Water Company shall file with the Railroad Commission a verified copy of the deed or other instrument of conveyance under which it acquires title to said properties, said deed or instrument of conveyance to be filed within fifteen (15) days after applicant acquires said properties.

IT IS HEREBY FURTHER ORDERED that for all purposes not otherwise set forth in this order, the effective date of this order shall be twenty (20) days from and after the date hereof, and that Ballona Water Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 9th day of February, 1926.

W. B. ...
C. ...
...
Leon Whitall

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