

LRA

Decision No. 20305

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
BERLU WATER COMPANY, )  
(1) to be declared a public utility; )  
(2) for a certificate of public con- )  
venience and necessity to sell and )  
distribute water for domestic use; )  
and (3) for an order authorizing the )  
issuance and sale of stock to )  
finance such service. )

ORIGINAL

Application No. 14908.

Louis N. Whealton, for applicant.

BY THE COMMISSION:

OPINION

This is an application in which the Berlu Water Company, a corporation, asks for a certificate of public convenience and necessity to supply water for domestic purposes in Tract No. 10186, containing approximately thirty acres, as per map recorded in Book 143, pages 96 and 97; and Tract No. 8776 containing approximately ten acres, as per map recorded in Book 123, pages 41 and 42 of maps, and records in the office of the County Recorder of Los Angeles County.

The property which applicant asks permission to serve with water is located at or near Bellflower, Los Angeles County. The company also asks permission to issue \$25,000.00 of its common capital stock for the purposes hereinafter recited.

The Berlu Water Company was organized on or about January 3, 1928, with an authorized capital stock of \$25,000.00, divided into 25,000 shares of the par value of \$1.00 each. It is the intention of the company to acquire a water production and distributing system located on the aforementioned tracts. It appears of record that such tracts have been divided into approximately 211 lots and that a distribution system has been installed covering the entire tracts. There is now located on Lot 105 in Tract No. 10186 a well approximately 390 feet deep, with an eight inch casing. The well is equipped with an automatic electric pump and is connected with a 10,000 barrel wooden tank elevated at about forty feet.

The company proposes to issue in payment for the water production and distribution system \$12,500.00 par value of its common capital stock and it further asks permission to issue \$12,500.00 of its common capital stock and sell the same at par and use twenty percent of the proceeds to pay commissions incident to the sale of the stock and use the remainder to extend the distributing system. The testimony further shows that the company at this time has no definite plan for extending its distributing system and that there is no need for the issue and sale of \$12,500.00 of stock to raise funds to pay for such extension.

There has been introduced in evidence as the Commission's Exhibit No. 1 a report prepared by F. H. Van Hoesen, one of the Commission's assistant hydraulic engineers. In this report F. H. Van Hoesen estimates the reproduction cost new of the properties to be acquired by Berlu Water Company, at \$10,835.00; and the reproduction cost new less depreciation, at \$8,126.00. Inasmuch as the properties have been recently installed it may be assumed that the actual cost of the properties corresponds closely

with the estimated reproduction cost. The testimony shows that the present pumping plant will be inadequate in the event that the number of consumers increases. It is further of record that at the present time all consumers are unmetered but that it is the intention of the applicant to meter its consumers as soon as possible. For the purpose of replacing the pumping plant and metering consumers, applicant asks permission to sell a certain amount of stock.

We have considered the record in this proceeding and are of the opinion that the Berlu Water Company should be permitted to issue not exceeding \$8,126.00 of its stock in payment for the properties referred to in this application and to sell \$1,874.00 of stock at par for cash when necessary, to obtain funds to replace the pumping equipment and install meters. Such stock, however, must be sold by the company without payment of any commissions.

#### ORDER

Berlu Water Company, a corporation, having applied to the Railroad Commission for a certificate of public convenience and necessity for the operation of a public utility water system to supply for domestic purposes the consumers in the tracts mentioned in the foregoing opinion and for permission to issue \$25,000.00 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the Berlu Water Company should be permitted to issue not exceeding \$10,000.00 of its common capital stock and that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the purposes for which said stock may be used are not in whole or in part reasonably applicable to operating expenses or to income and that this application insofar as it

involves the issue of \$15,000.00 of stock should be denied without prejudice,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require and will require the Berlu Water Company, a corporation, to operate a water system for the purpose of supplying for domestic use to consumers residing in Tract No. 10186, as per map recorded in Book 143, pages 96 and 97; and Tract No. 8776, as per map recorded in Book 123, pages 41 and 42 of Maps, Records in the office of the County Recorder of Los Angeles County, California, said tracts being subdivided into approximately 211 lots.

IT IS HEREBY ORDERED that the Berlu Water Company be, and it is hereby, permitted to file with this Commission within thirty (30) days after the date of this order the following schedule of rates, to be charged for all water delivered on and after the first day of November, 1928:-

Monthly Flat Rate

For each house on one lot,	\$1.50
For each additional lot when irrigated,	.50

Meter Rate  
Monthly Minimum Charge

5/8" meter,	1.50
3/4" "	1.75
1" "	2.50
1 1/2" "	3.50
2" "	6.00

Each of the foregoing monthly minimum charges will entitle the consumer to the amount of water which that monthly minimum charge will purchase at the "monthly meter rates" set out below:

Monthly Meter Rate

0	to	600	cu.ft.,	per	100	cu.ft.,		\$0.25
600	to	1500	" "	" "	" "	" "		.20
1500	to	5000	" "	" "	" "	" "		.15
All	over	5000	" "	" "	" "	" "		.10

IT IS HEREBY FURTHER ORDERED that the Berlu Water Company shall file with this Commission for its approval, within thirty (30) days after the date of this order, rules and regulations governing the service to its consumers, said rules and regulations to become effective upon their acceptance for filing by the Commission.

IT IS HEREBY FURTHER ORDERED that the Berlu Water Company be, and it is hereby, authorized to issue and sell at not less than par on or before June 30, 1929, \$10,000.00 par value of its common capital stock, and use not exceeding \$8,126.00 of the proceeds received from the sale of such stock, to pay for the water properties described in this application. The remainder of the proceeds, if the stock is sold, shall be used to pay the cost of replacing pumping equipment and installing meters.

IT IS HEREBY FURTHER ORDERED that this application insofar as it involves the issue of \$15,000.00 of stock, be denied without prejudice.

IT IS HEREBY FURTHER ORDERED that Berlu 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.

IT IS HEREBY FURTHER ORDERED that for all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

DATED at San Francisco, California, this 3rd  
day of ~~September~~ <sup>October</sup>, 1928.

Leon Whittell

Chas. J. ...

Thos. J. ...

M. J. ...

Commissioners.