

Decision No. 22099**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 McNEES PARK WATER COMPANY,)
 a corporation, for a certificate of)
 public convenience and necessity and)
 order authorizing issue of stock.)

Application No. 16165.

Jeff G. Wingert, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled proceeding the Railroad Commission is asked to make its order declaring that public convenience and necessity require the operation by McNeess Park Water Company, a corporation, of a public utility water system in certain territory adjacent to the City of Whittier, as hereinafter set forth, and authorizing the company to issue 200 shares of its common capital stock of the aggregate par value of \$20,000.00 to finance the cost of acquiring and constructing its water system.

A public hearing in the matter was held before Examiner Gannon in Los Angeles after due notice had been given so that interested parties might appear. No protest to the granting of the application was made to the Commission. The matter was amended at the hearing so as to include a request by the company for the Commission to fix its schedule of rates and charges.

The application shows that McNeess Park Water Company was organized on or about February 25, 1929, for the purpose of engaging in the business of maintaining and operating a water system for the

conveyance and distribution of water for domestic purposes in a tract of land immediately adjacent to but outside the city limits of the City of Whittier, described in the petition as follows:

"All that real property in the County of Los Angeles, State of California, described as follows, to-wit: Beginning at the intersection of Norwalk Puente Mills Road with the southwesterly line of Tract No. 2239, as recorded in Book 28, pages 94 and 95, records of Los Angeles County, thence southeasterly, northeasterly and southeasterly along said tract (boundary lines) to its intersection with the northwesterly prolongation of the southerly line of Tract No. 7880, as recorded in Book 94, Pages 93 and 94 of Maps, records of Los Angeles County, thence southeasterly along the aforementioned northwesterly prolongation and along the southerly line of said mentioned Tract No. 7880 to its intersection with Sorensen Avenue, thence northeasterly along Sorensen Avenue to its intersection with Whittier Blvd., thence northwesterly along said mentioned Whittier Blvd. to its intersection with the aforementioned Norwalk Puente Mills Road, thence southwesterly along Norwalk Puente Mills Road to the point of beginning."

It appears that the territory in which applicant proposes to operate has but recently been subdivided. In order to facilitate the sale of property, those interested in the development of the project have obtained a franchise from the County of Los Angeles to lay, maintain and operate pipe lines for the distribution of water and have constructed a water system, purchasing their supply from the Whittier Water Company in the City of Whittier and distributing it without charge to residents in the district.

A copy of the ordinance passed by the Board of Supervisors of Los Angeles County granting the franchise (Ordinance No. 1695, New Series) is filed as Exhibit "C", and a description of the water system is furnished us in Exhibit "B", both attached to the petition herein. The latter exhibit shows that at present the system consists of an 1800-foot 6-inch cast-iron pipe transmission line connecting with the main conduit of the Whittier Water Company and about 10,239 feet of 4-inch cast-iron distribution mains, 652 feet of 2-inch, galvanized service connections,

2,465 feet of one inch galvanized service connections, 15 fire hydrants and connections, together with fittings, etc. The cost of the system as now constructed is reported at \$13,550.00, as follows:

Connection with Whittier Water Company.....	\$ 3,600.00
Cast iron four inch mains.....	6,655.35
Galvanized two inch service connections...	260.80
Galvanized one inch service connections...	739.50
Fire hydrants and connections.....	424.33
Fittings.....	1,129.57
Franchise.....	270.00
Engineering.....	470.45
Total.....	<u>\$13,550.00</u>

At present there are in the McNees Park Subdivision 68 service connections including meters, which, according to the record in this matter, have been paid for by the consumers at the rate of \$18.50 each. On this point, we might state that under the rules and regulations of the Commission, it will be necessary for the applicant, upon acquiring the McNees Park water system, to acquire also and obtain title to the service connections, including the meters. This it can do either by payment in cash or by refunding to those who have paid for their connections all or a portion of their monthly water bills over a period of not exceeding eighteen months from the effective date of this order.

McNees Park Water Company has an authorized capital stock of \$20,000.00, divided into 200 shares of the par value of \$100.00 each, all common. It proposes, if authorized by the Commission, to issue \$13,400.00 of stock, in equal amounts, to L. J. Roberts and L. Hoyt Denney in full payment for the water system, and to sell the remaining \$8,600.00 of stock to pay for extensions. It was not, however, in a position to advise the Commission definitely of the purposes for which it proposed to use the proceeds to be received through the issue of the \$8,600.00 of stock. It appears that it will need approximately \$1,258.00

to refund the amounts heretofore collected for service connections and we accordingly will authorize the company, if it so desires, to use stock proceeds to make these refunds. The remaining proceeds, and such portion of the \$1,258.00 not used for the purpose indicated may be expended only for such purposes as we may hereafter authorize in supplemental orders herein upon a more complete showing being made by applicant.

Upon acquiring the water system here referred to, applicant proposes to charge for water upon the following schedule of rates:

First 600 cu.ft. or less,-----	\$1.25
Next 1,400 cu.ft., per 100 cu.ft.-----	.12
All over 2,000 cu.ft., per 100 cu.ft.-----	.07

We believe these rates to be reasonable and will authorize their adoption by applicant with suitable minimum charges for the various sizes of meters, as set forth in the following order.

ORDER

McNees Park Water Company having applied to the Railroad Commission for a certificate of public convenience and necessity and for an order authorizing the issue of stock and fixing rates, a public hearing having been held, and the Railroad Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the stock is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expense or to income,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY
DECLARES that public convenience and necessity require and will require

the operation by McNees Park Water Company as a public utility of a water system for the distribution of water for domestic purposes in the territory set forth and described in the preceding opinion, and further, that public convenience and necessity require and will require the exercise by McNees Park Water Company of the rights and privileges granted by Ordinance No. 1695, New Series, passed by the Board of Supervisors of Los Angeles County on July 22, 1929.

IT IS HEREBY ORDERED that McNees Park Water Company be, and it is hereby is, authorized to file with this Commission, within twenty days from the date of this order, the following schedule of rates to be charged for water delivered to consumers:

MONTHLY METER RATES

First 600 cu.ft. or less,-----	\$1.25
Next 1,400 cu.ft., per 100 cu.ft.-----	.12
All over 2,000 cu.ft., per 100 cu.ft.-----	.07

MONTHLY MINIMUM CHARGE

For 5/8 inch meter-----	\$1.25
" 3/4 " "-----	1.75
" 1 " "-----	2.50
" 1-1/2 " "-----	4.50
" 2 " "-----	6.00
" 3 " "-----	12.00
" 4 " "-----	20.00

Each of the foregoing monthly minimum charges will entitle the consumers to the quantity of water which that monthly charge will purchase at the monthly meter rates.

IT IS HEREBY FURTHER ORDERED that McNees Park Water Company be, and it hereby is, directed to file with this Commission, within twenty days from the date of this order, rules and regulations to govern its service to and relations with consumers, such rules and regulations to become effective upon their acceptance for filing by the Commission.

IT IS HEREBY FURTHER ORDERED that McNees Park Water Company

be, and it hereby is, authorized to issue on or before December 31, 1930, \$20,000.00 par value of its common capital stock and to deliver \$13,400.00 thereof to L. J. Roberts and L. Hoyt Denney in full payment for the water system referred to in the foregoing opinion, and to sell the remaining \$6,600.00 thereof for cash at not less than par.

The authority herein granted is subject to the following conditions:

(1) Applicant may, if it so desires, use not exceeding \$1,258.00 of the proceeds to be received through the sale of the \$6,600.00 of stock to pay for the service connections and meters to which reference is made in the foregoing opinion. Any portion of the \$1,258.00 of proceeds not used for such purpose, together with the remainder of the proceeds to be received through the issue and sale of the said \$6,600.00 of stock, may be used only for such purposes as the Commission may hereafter authorize.

(2) The amount of stock which applicant is herein authorized to issue to acquire the water system it proposes to operate shall not hereafter be urged before this Commission or other public body or court as a measure of value of said property for the purpose of fixing rates, or any purpose other than this transaction.

(3) Within eighteen months after the effective date of this order, applicant shall acquire title by purchase, or otherwise, to all of the aforesaid service connections and meters and shall pay the purchase price, if any, within said eighteen months period. The company shall file verified quarterly statements showing the number of service connections acquired during the preceding three months period, the cost of such acquisition and the amount paid to the date of the report, and the number of connections not acquired at the close of the period.

(4) Within thirty days after acquiring control and possession

of the said water system, applicant shall file with the Commission a copy of the deeds or other instruments of conveyance and a statement indicating the exact date upon which it acquired such control and possession.

(5) Applicant shall keep such record of the issue of the stock herein authorized 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.

(6) The authority herein granted will become effective twenty days from the date hereof.

DATED at San Francisco, California, this 7th day
of February, 1930.

C. L. Seaver
Robert
Leon
Thomas

Commissioners.