

ORIGINAL

Decision No. 34356

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of AIRWAYS WATER COMPANY, INC., a California corporation, for a certificate of public convenience and necessity to authorize the operation of a water system as a public utility and for authority to issue and dispose of its securities.

Application No. 23841

Frederick L. Botsford, for Applicant.

Ray L. Chesebro, City Attorney, by
Robt. E. Moore, Jr., Deputy City
Attorney, for the City of Los Angeles
and Department of Water and Power of
the City of Los Angeles.

CRAEMER, COMMISSIONER:

O P I N I O N

In this proceeding, the Airways Water Company, Inc., a corporation, asks the Commission to grant a certificate of public convenience and necessity to operate a public utility water system within an area of about 320 acres, of which 60 acres lie within the City of Los Angeles and the remainder is in unincorporated territory lying south of the City on the Imperial Highway and the Inglewood-Redondo Boulevard. Authority is sought also to issue 1,394 shares of capital stock having the aggregate par value of \$13,940, the proceeds to be used to provide working capital and to pay for certain existing water properties which applicant proposes

to acquire.

The evidence indicates that at one time this entire parcel of land was owned by Mrs. Eleanor P. Bohon, now deceased, whose heirs now control both the applicant corporation and the development company which is engaged in the subdivision of those parts not heretofore sold for residential purposes. An area of 40 acres, referred to in the application as Tract No. 2663, seems to have been subdivided many years ago. Water service has been rendered to residents on this tract by the Wiseman Park Mutual Water Company, a corporation organized in 1936. This supposedly non-profit corporation later extended its system to serve adjacent tracts as they were subdivided. It is the water property of this mutual corporation that applicant Airways Water Company proposes to acquire and to extend throughout the remaining unsold acreage.

The various parcels comprising the total 320 acres are described in the application by their tract numbers, in so far as they are now subdivided. Within the City there are parts of Tracts Nos. 2663 and 3268 of 20 acres each, and an undeveloped area of 20 acres. The remainder are contiguous parcels lying outside the City, they being the remaining parts of Tracts Nos. 2663 and 3268, and Tracts Nos. 11,266, 11,975, 12,088, 12,331, and 12,434, as well as an 113-acre parcel as yet unsubdivided.

At the time of hearing there were some 228 consumers receiving water service through the Wiseman Park Mutual Water Company. One part of this system obtains its water supply through two drilled wells operated by electrically driven deep-well turbine pumps, delivering water through a 5,000-gallon pressure tank from which dis-

tribution is made through 11,442 feet of pipe lines ranging from 2-1/4 to 6 inches outside diameter. The other part supplies Tract No. 12434 and consists of a well operating through a 5,000-gallon pressure tank now inter-connected with the above mentioned main water plant. This water works in Tract No. 12434 is not a part of the properties proposed to be acquired by applicant herein, payment for which is to be made in part by stock for which authority is requested in this proceeding, but is, however, to be acquired by applicant under a separate written agreement, providing for payment if and when the development of the area served becomes compensatory, in a manner similar to the regular practice of this Commission in connection with extensions for the piping of real estate subdivisions.

A report was submitted by E. L. Clark, one of the Commission's hydraulic engineers, in which the original cost of all the used and useful water properties, exclusive of facilities supplying consumers in Tract No. 12434, is estimated at \$13,243. The corresponding depreciation annuity, computed by the sinking fund method at 5 per cent, amounted to \$243 and the accrued depreciation \$1,337. In this report the maintenance and operating expenses for the immediate future, under assumed normal operating conditions, are estimated at \$3,377, including depreciation. No request has been made by applicant for a net return upon the investment, but the proposed method of operation during the initial period of development of this property is to deliver water under flat rates at a basic charge for residential purposes of \$1.50 per month. If the application for a certificate is granted, it appears that the requested authority to issue stock should also be given.

A protest was made on behalf of the City of Los Angeles and of the Department of Water and Power of said City in so far as the application involves water service within any portion of the area lying within the City. The City's protest is rested upon two grounds. It expresses its readiness to extend the City-owned water system to this and all other areas within the city limits. It asserts also that the existing water facilities of the Wiseman Park Mutual Water Company, which applicant will acquire, are occupying the streets of the City without legal right.

The applicant has represented that no franchise from either the City or the County is required for the reason that the right to lay water mains was reserved at the time the streets were dedicated by the subdivider. The facts underlying this representation are not entirely clear in so far as the early subdivisions are concerned, particularly Tract No. 2663, which lies partly within the City of Los Angeles. Inasmuch as the City has appeared in this proceeding to challenge the right of applicant and its predecessors to occupy those streets without first obtaining a franchise, the Commission feels compelled to respect the City's declaration and to deny the requested certificate in so far as the City territory may be involved. Should the City of Los Angeles elect to grant a franchise to applicant rather than to extend its own water system to the area here requested, applicant may then petition the Commission for reconsideration. Our present action will be consistent with the principles announced in another decision this day rendered in the matter of the Park Water Company's application.

No protest was presented to the issuance of a certificate

covering any of the unincorporated areas described in the application. Although the entire acreage was not subdivided at the time of hearing, those interests associated with the applicant own all of such acreage. They intend to develop the whole for residential purposes, and will reserve the right for the laying of water mains therein.

It is our conclusion that a certificate should be granted covering only those areas located outside the boundaries of the City of Los Angeles. This disposition of the certificate matter compels us to defer judgment upon applicant's further request for authority to issue shares of stock. Inasmuch as the appraisals presented do not segregate the water properties located within the City from those lying without, the applicant should be permitted to submit a revised inventory covering only those facilities to be used and useful in rendering service under the certificate herein granted, in order that the Commission may determine whether the issuance of stock in the amount requested is fully justified. Accordingly, this part of the application will be held in abeyance pending the submission of additional information respecting property values. And should applicant obtain from the City of Los Angeles a franchise or permit for the occupancy of the streets, it may then present a petition for the issuance of a further order enlarging the scope of the certificate here given.

O R D E R

A public hearing having been had upon the application of Airways Water Company, Inc., the matter submitted, and it being

found as a fact that public convenience and necessity require,

IT IS ORDERED that a certificate be and is hereby granted to Airways Water Company, Inc., for the operation of a public utility water system within that territory in the County of Los Angeles lying south of the southerly boundary line of the City of Los Angeles, as shown on the maps marked Exhibit A, attached to the application herein, and which are hereby made a part of this Order by reference, and which territory comprising an area of 260 acres, more or less, is more particularly described as follows:

Beginning at the point where 120th Street intersects Inglewood-Redondo Road; thence proceeding northerly along Inglewood-Redondo Road to the southerly boundary line of the City of Los Angeles at 116th Street (sometimes called Miramar Street); thence easterly along the southerly boundary line of the City of Los Angeles, in 116th Street and the extension thereof, to Felton Avenue; thence southerly along Felton Avenue to El Segundo Boulevard; thence westerly along El Segundo Boulevard to Anza Avenue; thence northerly along Anza Avenue and the extension thereof to 120th Street or the extension thereof; thence westerly along 120th Street or the extension thereof to its intersection with Inglewood-Redondo Road, the point of beginning.

IT IS HEREBY FURTHER ORDERED that Airways Water Company, Inc., a corporation, be and it is hereby authorized and directed to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to be charged for all water service rendered to its consumers subsequent to the 31st day of July, 1941, which schedule of rates is hereby found to be just and reasonable for the service to be rendered:

RATE SCHEDULE

FLAT RATES

<u>Classification</u>	<u>Per Month</u>
One single residence on one lot-----	\$1.50
For each additional residence on the same lot-----	1.00
Restaurants-----	2.50
Service Stations-----	2.50
Stores, markets and other businesses, each-----	1.50

Rates for flat rate service are payable in advance.

IT IS HEREBY FURTHER ORDERED that Airways Water Company, Inc. a corporation, be and it is hereby directed as follows:

1. Within thirty (30) days from the date of this Order, to submit to this Commission, for its approval, quadruplicate sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale, upon a sheet approximately 8-1/2 x 11 inches in size, delineating thereupon in distinctive markings the boundaries of the authorized service area; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.
2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn to a scale of not less than 600 feet to the inch, upon which shall be delineated correctly by appropriate markings, the various tracts of land in the territory for which the certificate is granted herein. This map should be reasonably accurate, show the source and date thereof, and sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service.
3. Within sixty (60) days from the date of this Order, to file with this Commission an affidavit to the effect that it will never claim before this Commission or any other public body an amount for the certificate of public convenience and necessity granted herein in excess of the

actual cost of acquisition.

IT IS HEREBY FURTHER ORDERED that Airways Water Company, Inc., a corporation, within thirty (30) days after acquiring said water system properties hereinabove referred to, shall file with this Commission a certified copy of each instrument under which it acquires title to said properties.

IT IS HEREBY FURTHER ORDERED that the application for authority to issue shares of capital stock is reserved for further consideration after receipt of such additional information, or after further hearing thereon, as the Commission hereafter may require.

The effective date of this Order shall be the twentieth (20th) day after the date hereof.

Dated, San Francisco, California, this 1st day of

July, 1941.

[Signature]
[Signature]
Justus J. Gabelner
Francis R. Havener
[Signature]
Commissioners.