

Decision No. 34597

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 LAKEWOOD WATER & POWER COMPANY, (a  
 California Corporation) for a Certifi-  
 cate of Public Convenience and Necessity  
 for certain extensions to and new con-  
 struction upon its existing water system,  
 for authority to issue and dispose of its  
 securities, to borrow money, etc.

**ORIGINAL**

Application No. 24265

Sanner, Fleming & Irwin, by John Amos Fleming,  
for Applicant.

HAVEMER, COMMISSIONER:

O P I N I O N

In this proceeding, Lakewood Water & Power Company, a corporation, engaged in the business of supplying water for domestic purposes in Tract No. 11425 and Tract No. 11881, Los Angeles County, located northeasterly of the City of Long Beach, asks for a certificate of public convenience and necessity to supply water within a territory comprising a total of 5,000 acres belonging wholly to Montana Land Company, which company originally owned and subdivided the lands presently served. Applicant also asks for authority to issue \$200,000 of its capital stock and for authority to revise its rule and regulation governing extensions of its water system to serve tracts or subdivisions.

Public hearings in this matter were held at Los Angeles.

Applicant now provides water service in the said two tracts, one in the Lakewood district and the other in the Mayfair

district, under certificates granted by this Commission in Decision No. 31132, dated July 27, 1938, and Decision No. 32985, rendered April 9, 1940, respectively. Water supply is obtained from two 12-inch wells equipped with deep-well turbine pumps, having a combined yield in excess of 2,000 gallons per minute. In the Lakewood district, the distribution mains are of 4-inch and 6-inch cast iron pipe and main extensions into adjacent subdivisions will also be of cast iron. In the Mayfair district, the distribution mains are of 4-inch and 6-inch steel pipe, and the same class of material will be used in the subdivisions adjacent to this district. There were 96 consumers in the Lakewood district and 188 consumers in the Mayfair district as of July 1, 1941. Lakewood Village, adjacent to applicant's Lakewood district, is served by the municipal water department of the City of Long Beach.

Construction of industrial plants in the immediate vicinity for the manufacture of airplanes and for national defense industries has resulted in an unprecedented demand for housing facilities to accommodate employees and their families. Douglas Aircraft near the Lakewood district alone will employ in excess of some 20,000 persons. Montana Land Company has been informed by the United States Housing Defense Co-ordinating Authority that unless 3,000 housing units are provided by private interests within the next eighteen months, the Authority will condemn the Company's undeveloped land and construct temporary homes to meet the demand.

Montana Land Company recently has subdivided Tract No. 12664 comprising 45 acres and installed therein 4,010 feet of 6-inch and 4,840 feet of 4-inch cast iron mains. Likewise Tract No. 12551 comprising 69 acres has been piped with 6,034 feet of 6-inch and 7,434 feet of 4-inch steel mains. Service connections

were installed at the time the distribution mains were laid. Montana Land Company advanced the cost of piping these new tracts, subject to refund as follows:

"Refunds shall be made for each bona fide consumer within the subdivision in an amount equal to the quotient resulting from a division of the total cost of said facilities so deposited by a number equal to 60% of the total number of lots in such subdivision as shown upon the recorded map thereof upon the condition, however, that such lots shall be of an average size and not exceed in area an average size of one-fourth ( $\frac{1}{4}$ ) of one acre, and further provided no refunds shall be made after a period of ten years from the date of completion of the installation. Should the average area of lots in any subdivision exceed one-fourth ( $\frac{1}{4}$ ) of one acre, the refund of deposits for facilities shall be as agreed between the parties and approved by the Railroad Commission."

The Order herein will approve the rule as requested requiring the subdividers to advance the cost of construction except that it will be modified to exclude therefrom the cost of service installations.

Plans have been prepared by Montana Land Company for the subdivision of an additional 613 acres, 151 acres thereof to be sold to Griffith Legg, Inc., for immediate marketing, fully developed as Tracts Nos. 13000 and 13001, Los Angeles County.

The following tabulation shows the tracts within which water service by applicant will be required within the very near future:

Lot No.	Tract No.	Acres	No. of Lots	Subdivider
32	12664	45	188	Montana Land Company
8	12551	69	348	" " "
22	12773	64	266	" " "
6	12894	176	823	" " "
21	12925	124	-	" " "
33	13000)			
34	13001)	<u>151</u>		Griffith Legg, Inc.
		629		

The evidence does not disclose any immediate plans by Montana Land Company to subdivide or otherwise dispose of the remaining four thousand acres, more or less, included in the area which applicant seeks to have certificated, as delineated on Exhibit No. 1 filed in connection with this proceeding. It does not appear that public convenience and necessity at this time require the extension of applicant's water system into any area other than that presently contemplated for subdivision as set forth above. The Order herein will so limit the certificated area.

Lakewood Water & Power Company estimates the cost of the public utility water properties in the areas for which it is now seeking a certificate of public convenience and necessity as follows:

Lot 32, Tract 12664 .....	\$ 11,385
Lot 8, " 12551 .....	11,800
Lot 6, " 12994 .....	22,600
Lot 22, " 12773 .....	17,350
Lot 21, " 12925 .....	38,500
Lots 33 and 34, Tracts 13000 and 13001 .....	60,750
2,500 meters .....	50,000
Additional water supply .....	<u>20,100</u>
Total	\$232,485

It is applicant's intention to require the subdividers to advance the moneys necessary to install the pipe line distribution systems. Applicant will, at its own expense, acquire the necessary wells, pumping equipment and meters. The moneys advanced by the subdividers are to be refunded to the subdividers under the rule set forth on a preceding page. The refunds are to be made as bona fide consumers are connected with the water system. The testimony shows that the Montana Land Company, or an affiliate corporation, will acquire stock of the Lakewood Water & Power

Company to enable that company to acquire meters, an additional water supply and make the refunds under its refund contracts.

Lakewood Water & Power Company has an authorized stock issue of 2,500 shares of the par value of \$100 per share. The Commission heretofore has authorized the Company to issue 500 shares of its stock. It now asks permission to issue \$200,000 of additional common stock. This stock will be sold at par and the proceeds used for the purpose of acquiring distribution systems, meters, wells, pumping equipment and making the refunds to sub-dividers.

The following form of Order is recommended:

O R D E R

Application as entitled above having been filed with the Railroad Commission, public hearings having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA  
HEREBY DECLARES that public convenience and necessity require the operation of a water system by Lakewood Water & Power Company, a corporation, in the vicinity of Long Beach, more particularly designated as Tracts Nos. 12664, 12551, 12773, 12894, 12925, 13000 and 13001, Los Angeles County.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Lakewood Water & Power Company to operate a public utility for the sale and distribution of water within the territory herein above described.

IT IS HEREBY FURTHER ORDERED that Lakewood Water & Power Company be and it is hereby authorized to place in effect the following rule for the extension of facilities to Tract Nos. 12664, 12551, 12773, 12894, 12925, 13000 and 13001, Los Angeles County:

"Applicants for extensions to supply real estate tracts or subdivisions may be required to deposit with the Company the estimated reasonable cost of the necessary facilities, exclusive of service connections and meters, before construction is commenced. The size, type and quality of the materials and location of lines shall be specified by the Company and the actual construction will be done by the Company or by a contractor acceptable to it. Adjustment of any substantial difference between the estimated and the reasonable actual cost shall be made after completion of the installation. Refunds shall be made for each bona fide consumer within the subdivision in an amount equal to the quotient resulting from a division of the adjusted total cost of said facilities by a number equal to 60% of the total number of lots in such subdivision as shown upon the recorded map thereof upon the condition, however, that such lots shall be of average size and not exceed in area an average size of one-fourth (1/4) of one acre, and further provided no refunds shall be made after a period of ten years from the date of completion of the installation. Should the average area of lots in any subdivision exceed one-fourth (1/4) of one acre, the refund of deposits for facilities shall be as agreed between the parties and approved by the Railroad Commission. In case of disagreement over size, type and/or location of the pipe lines, the matter may be referred to the Railroad Commission for adjustment."

IT IS HEREBY FURTHER ORDERED that Lakewood Water & Power Company be and it is hereby directed as follows:

- (1) Within thirty (30) days from the date of this Order, to file with this Commission, in quadruplicate, amendments to its tariff schedules to add the above numbered tracts to the territory to which its rates, rules and regulations apply, together with revised maps, 8 1/2 x 11 inches in size, on which shall be delineated the boundaries of the entire authorized service area and the location thereof with reference to the surrounding territory; provided, further, 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 thirty (30) days from the date of this Order, to file with this Commission, in quadruplicate, as Part 3 of its present Rule and Regulation No. 19 the extension rule as hereinabove authorized.
- (3) Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the various tracts in the territory for which the certificate is granted herein. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service; providing, however, that such map 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.
- (4) 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 acquiring it.

IT IS HEREBY FURTHER ORDERED that Lakewood Water & Power Company be and it is hereby authorized to issue and sell on or before December 31, 1942, at not less than the par value thereof, \$200,000 par value of its common capital stock and use the proceeds for the purpose of acquiring the distribution systems, meters, wells, and pumping equipment mentioned in the foregoing Opinion, and for the further purpose of refunding amounts due subdividers under its Rules and Regulations on file with the Railroad Commission, the Commission being of the opinion that the money, property or labor procured by applicant through the issue of said stock is reasonably required by applicant for said purposes, and that the expenditures of the proceeds for the said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

IT IS HEREBY FURTHER ORDERED, that Lakewood Water & Power Company shall file with the Railroad Commission monthly reports as required by the Commission's General Order No. 24-A which order, in so far as applicable, is made a part of this Order.

The effective date of this Order shall be twenty (20) days after the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 23<sup>rd</sup> day of September, 1941.

*[Handwritten signatures of Commissioners]*  
W. B. ...  
Ray L. Riney  
Justin F. Coe  
Francis J. ...  
Richard ...

CERTIFIED AS A TRUE COPY

Secretary, Railroad Commission  
of the State of California.

Commissioners.