

Decision No. 36768

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of LAKEWOOD WATER AND POWER COMPANY (a California Corporation) for a certificate of public convenience and necessity for certain extensions to and new construction upon its existing water system, for authority to issue and dispose of securities, etc.

ORIGINAL

Application
No. 25880

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

CLARK, COMMISSIONER:

O P I N I O N

In this application, as amended at the hearing, Lakewood Water and Power Company asks for a certificate of public convenience and necessity authorizing it to construct a public utility water system and to supply water to consumers at its existing rates in Lots 2, 4, 10, 11, 12, 34(S $\frac{1}{2}$), 35 and 38, all in Tract 8084 situate in the vicinity of Long Beach, Los Angeles County. Lakewood Water and Power Company, hereinafter sometimes referred to as applicant, further asks permission to issue and sell at par to Montana Land Company \$335,000 of common stock for the purposes hereinafter stated.

Under the authority granted by Decision No. 31132, dated July 27, 1938, in Application No. 22037; by Decision No. 32985, dated April 9, 1940, in Application No. 23270 and by Decision No. 34597, dated September 23, 1941, in Application No. 24265, applicant has constructed at a cost of \$202,133.56 (as of

September 30, 1943) two public utility water systems. One system is situated in what is known as the Mayfair District and the other in the Lakewood District of the Montana Ranch near Long Beach. This ranch consists of some 7,000 acres of land and is owned by Montana Land Company. The two water systems are about two miles apart. Each has its own source of deep well water supply. The distribution mains in the Mayfair District consist of 4-inch and 6-inch steel pipe while those in the Lakewood District consist of 4-inch and 6-inch cast iron pipe. The two distribution systems cover about 800 acres. They serve water to approximately 2,800 consumers. Applicant has reported operating revenues and operating expenses as follows:

Year	Operating Revenues	Operating Expenses	Net Operating Revenues
1938	\$ 10.06	\$ 181.95	\$ (171.89)
1939	323.02	1,549.67	(1,226.65)
1940	1,410.28	2,464.39	(1,054.11)
1941	4,721.67	4,881.71	(160.04)
1942	33,336.82	26,325.29	7,011.53
1943 (9 Mos)	35,555.00	27,832.00	7,723.00

It is of record that the Federal Housing Authority has indicated a need for 12,000 additional housing units in the general vicinity of Long Beach. It has indicated that about 4,000 of such units should be located in the Lakewood and Mayfair Districts on the Montana Ranch. Applicant proposes to supply water to the occupants of the new housing units. The following tabulation shows lot and tract numbers of the area for which it is asking a certificate of public convenience and necessity, the acreage and number of lots and applicant's estimated cost of the new water systems and other capital requirements of applicant.

Tract	Area in Acres	Proposed Resub-division	Estimated Number of Lots	Water System Cost Estimate and Capital Required	Applicant	Commission
4	164.35	13153	908	\$ 46,699.50	\$	43,402.50
2	82.38	11600	406	21,581.00		20,030.80
12	57.29	12188	285	15,065.00		14,382.64
11	122.11	12189	610	32,625.00		35,324.93
10	122.07		610	32,625.00		35,324.93
35	110.68	13005	513	43,512.75		37,423.00
38	53.62		255	21,766.00		22,701.30
		12773	127			
34(S. 1/2)	55.14	13003	34			
Subtotal	767.64		3,743	\$213,274.25		\$208,590.10
1-inch meters in place			868	29,642.20		27,996.10
3/4-inch meters in place			2,880	54,864.00		55,746.60
Two new wells and pumping equipment complete, including site				25,000.00		25,000.00
				\$323,380.45		\$317,332.80
Contingency against costs of materials and labor and possible errors in estimates - 10%				32,338.04		31,733.00
Subtotal				\$355,718.49		\$349,065.80
Subdividers' Deposits Refundable				34,432.99		34,432.00
Subtotal				\$390,150.48		\$383,497.80
Less Cash now Available				57,285.00		57,285.00
Totals				\$332,865.48		\$326,212.80

The foregoing cost estimates were submitted by W. L. Scheifele, applicant's Secretary-Treasurer, F. L. Holser, applicant's engineer and by R. E. Sutherland, a Commission engineer.

On October 14, 1943 applicant increased its authorized stock issue from 2,500 to 10,000 shares of the par value of \$100 each. It has under Commission authority issued \$250,000 of stock. All of it is owned by Montana Land Company. It has agreed to purchase at par the \$335,000 of stock which applicant now desires to issue to obtain funds to pay for the distribution systems, meters, wells and pumping equipment and to make refunds to subdividers mentioned heretofore. The record does not warrant the issue of \$335,000 of stock. The Order herein will authorize applicant to issue \$330,000 of stock and use the proceeds for the purposes mentioned.

Montana Land Company will provide applicant with all necessary easements and rights of way for the installation and maintenance of water mains. It is not necessary for applicant to obtain a Los Angeles County franchise.

No protest has been filed against the granting of this application.

I herewith submit the following form of Order:

O R D E R

A public hearing having been held on the above-entitled matter and the Commission having considered the evidence submitted and it being of the opinion that this application should be granted, subject to the limitations and provisions of this Order,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
HEREBY DECLARES that public convenience and necessity require the construction and operation of water systems by Lakewood Water and Power Company, a corporation, in the vicinity of Long Beach, within that territory more particularly described as Lots 2, 4, 10, 11, 12, 35, 38 and the south one-half of Lot 34, of Tract 8084, Los Angeles County, including such resubdivision designation of said lots as hereafter may be made.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it is hereby granted to Lakewood Water and Power Company to construct and operate said water systems.

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

- (1) Within sixty (60) 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, 8½ 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, 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 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 service area; 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 service area or any portion thereof.
- (3) Within sixty (60) days from the date of this Order, to file with this Commission a stipulation duly authorized by its Board of Directors in which Lakewood Water and Power Company agrees that it, its successors and assigns 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 and Power Company be, and it is hereby, authorized to issue and sell, on or before December 31, 1945, at not less than the par value thereof, \$330,000 par value of its common capital stock, and use the proceeds for the purpose of constructing and acquiring the distribution systems, meters, wells and pumping equipment mentioned in the foregoing Opinion, and for the 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 said applicant for said purpose and that the expenditures of the proceeds for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income.

IT IS HEREBY FURTHER ORDERED that this application in so far as it involves the issue of \$5,000 of stock be, and the same is hereby, denied without prejudice.

IT IS HEREBY FURTHER ORDERED that Lakewood Water and Power Company shall file with the 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.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon 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 21st day of December, 1943.

Francis J. Hopewell

J. G. Davis

Justice J. Caseman

Richard R. Baker

Ernest W. Quinn

Commissioners