

Decision No. 38748

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
SOUTHERN CALIFORNIA WATER COMPANY for
a Certificate of Public Convenience
and Necessity to furnish and supply
water in certain unincorporated
territory in the County of Los Angeles.

Application No. 27078

O'Melveny & Meyers, by L. M. Wright, for Applicant.

BY THE COMMISSION:

O P I N I O N

Southern California Water Company, a corporation, is engaged in the business of supplying water for domestic, industrial and municipal purposes; largely in Southern California. In the original application request is made for a certificate of public convenience and necessity to operate a public utility water system to supply domestic and agricultural irrigation service in a partially subdivided and unincorporated area of approximately 300 acres adjoining the easterly boundaries of the City of Arcadia, Los Angeles County. The Commission is also asked to approve schedules of flat and meter rates for service rendered.

The proposed flat rates for domestic service provide for a monthly flat rate charge of \$1.50 for a residence and a lot not exceeding 15,000 square feet in area, and 50 cents per month for each additional 5,000 square feet or less. The requested meter rates for domestic service provide for a monthly minimum charge of \$1.25 for the first 1,000 cubic feet of water. The charge for use in excess of the minimum is reduced through two blocks to 5 cents per 100 cubic feet for quantities over 3,000 cubic feet. The present agricultural irrigation rate of 3 cents per minor's inch hour will remain in effect.

At the hearing the Company filed an amendment to the application asking the Commission for a temporary or limited certificate of public convenience and

necessity to operate a public utility irrigation system for agricultural purposes in an adjoining tract of land of approximately 500 acres, located within the city limits of the City of Arcadia. The same agricultural irrigation rate of 3 cents per miner's inch hour also is proposed for this service.

A public hearing in this proceeding was held in Los Angeles before Examiner Stava.

The lands involved herein total 800 acres of which about 650 acres formerly were supplied irrigation water by the Walnut Grove Water Company, a mutual organization. This water system was constructed in 1909, but during recent years the area has largely been subdivided into residential tracts until at present not over 250 acres are devoted to farming and truck gardening. Applicant purchased the system for \$12,500 from the United States National Bank of San Diego, which had acquired the properties under foreclosure proceedings.

Water for the irrigation system is pumped from two wells and discharged directly into the distribution pipe lines. Storage is provided by a 1,000,000-gallon concrete reservoir located at ground level. The distribution system contains 69,000 feet of steel and concrete pipe lines, varying from 10 to 20 inches in diameter. There are now remaining only nineteen irrigation consumers and the record shows that in the near future this irrigated area will be converted into residential developments. Because of this transition the Company asks that its obligation to continue the delivery of water for irrigation purposes be temporary or limited to the extent that it may abandon such service when it becomes economically unfeasible to continue in operation. This request is made necessary by the fact that the Company cannot supply domestic water to the residential properties because this class of service is now and will in the future be provided by the Municipal Water Works operated by the City of Arcadia.

There is no doubt that this irrigation service is rapidly declining. The annual gross revenues are now less than \$2,000. However, there appears to be no practical necessity to place any such limitation as requested upon the duration of the obligation to serve water under the certificate, especially in view of the

general uncertainties of conditions and the lack of specific evidence which would permit the fixing of a definite date for termination of service, or a formula therefor which would not be too complicated to apply fairly. The most obvious procedure would be for the Company to file an application for authority to discontinue service whenever conditions so warrant.

The record shows that the estimated historical cost of the entire properties purchased by Applicant in this territory totals \$61,278, and the present fair value thereof is \$20,821.

Within the proposed certificated service area there is a subdivision of eleven acres, designated as Tract No. 12091, located outside the corporate limits of the City of Arcadia. This tract now is supplied with domestic water obtained from the irrigation system. Service to the present 39 consumers has been uniformly poor, primarily because of the low pressures maintained on the irrigation system. Applicant has acquired this domestic system at a price of \$1,501, and intends to install a pressure system and connect the distribution mains to its adjacent water properties. The Company furthermore will install additional water mains and other improvements in this general area at an over-all cost, now estimated at \$14,679.

According to the evidence the only rate for domestic service at present in effect in this area is a flat rate charge of \$2.00 per month. The irrigation rate is 3 cents per miner's inch hour for all water delivered. The flat rates proposed by the Company provide for a charge of \$1.50 per month for a residence and lot not exceeding 15,000 square feet, and 50 cents for each additional 5,000 square feet or less. Practically all of the lots now served come within the \$1.50 classification which will result in reduced charges to the present flat rate customers. The measured rates proposed in the application compare favorably with the rates charged by other utilities operating in the general vicinity and will be approved.

Applicant has applied to the Board of Supervisors of Los Angeles County for a franchise to install and operate water mains in, upon, or across the streets and highways in the territory for which this certificate is requested, and already has obtained a permit from said County authorizing it to install the necessary pipe

lines to provide domestic service to the present customers, and to serve certain recently subdivided tract properties. No other public utility water system operates in the territory for which a certificate to operate a domestic and irrigation system is requested. No objection was made to the operation of the agricultural irrigation water system within the boundaries of the City of Arcadia. No protests were made against any of the requests of Applicant herein and it appears, therefore, that the certificate should be granted and the rates established as prayed.

The certificate of public convenience and necessity granted herein is subject to the following provisions of law:

"That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right."

O R D E R

Application as above entitled and amendment thereto having been filed with the Railroad Commission, a public hearing 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 and will require the operation of a public utility water system by Southern California Water Company, a corporation, to supply agricultural irrigation service in a certain area comprising approximately 500 acres located within the city limits of the City of Arcadia, and domestic and agricultural irrigation service in certain area comprising approximately 300 acres adjoining, but outside, the easterly city limits of the City of Arcadia, as such areas are more particularly described in the amendment to the application herein, delineated upon the map marked Exhibit B, which is attached to said amendment, which description and map are hereby made a part of

this Order by reference.

IT IS HEREBY ORDERED AS FOLLOWS:

1. That a certificate of public convenience and necessity be and it is hereby granted to Southern California Water Company, a corporation, to construct and operate a public utility water system for the distribution and sale of water within the territory herein above described and under the conditions set forth therein;
2. That Southern California Water Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate, in conformity with this Commission's General Order No. 96, 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 customers on and after March 1, 1946, which schedule of rates is hereby found to be just and reasonable for the service to be supplied:

Schedule No. 1

GENERAL FLAT RATE SERVICE

Applicability:

Applicable to domestic flat rate water service.

Territory:

In an area adjoining the easterly city limits of the City of Arcadia, Los Angeles County, as delineated on the map and included in the tariff schedules as Map No. 1.

Rates:

Per Month

1. For each residence or dwelling, including reasonable and necessary quantities of water for irrigation on a lot not exceeding 15,000 square feet,.....\$1.50
2. For the irrigation of each additional 5,000 square feet or less, in excess of the above 15,000 square feet,.....: .50

Schedule No. 2

GENERAL METERED SERVICE

Applicability:

Applicable to domestic, commercial and industrial meter rate water service.

Territory:

In an area adjoining the easterly city limits of the City of Arcadia, Los Angeles County, as delineated on the map and included in the tariff schedules as Map No. 1.

Schedule No. 2 (Continued)

GENERAL METERED SERVICE

Rates:

	<u>Per Month</u>
First 1,000 cubic feet,.....	\$1.25
Next 2,000 cubic feet, per 100 cubic feet.....	.07
Over 3,000 cubic feet, per 100 cubic feet.....	.05

Minimum Charges:

	<u>Per Month</u>
5/8 x 3/4-inch meter.....	\$1.25
3/4-inch meter.....	1.50
1-inch meter.....	2.00
1 1/2-inch meter.....	2.75
2-inch meter.....	3.50
3-inch meter.....	5.00

The minimum charge will entitle the customer to the quantity of water which that minimum monthly charge will purchase at the Quantity Rates.

Schedule No. 3

GENERAL IRRIGATION SERVICE

Applicability:

Applicable to all agricultural irrigation service.

Territory:

In an area within the City of Arcadia, County of Los Angeles, and an area outside of the City of Arcadia, but adjoining its easterly boundaries, as delineated on the map and included in the tariff schedules as Map No. 2.

Rate:

	<u>Per Miner's Inch Hour</u>
For all water delivered.....	\$0.03

Note: A flow of one miner's inch is equivalent to one-fiftieth of a cubic foot per second or 1.2 cubic feet per minute; and one miner's inch hour equals a continuous flow of 1.2 cubic feet per minute for one hour, or 72 cubic feet of water.

- 3- That Southern California Water Company, a corporation, within sixty (60) days from the date of this Order, shall submit to this Commission for its approval four 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 8 1/2 x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area, and the location thereof with reference to the immediate 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.

4. That Southern California Water Company, a corporation, within sixty (60) days from the date of this Order, shall 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 territory presently served. 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 property comprising the entire utility area of service, provided, 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.

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

Dated at San Francisco, California, this 5th day of March,

1946.

Shawel Ruderson

Francis Davis

Frank H. Sargent

Harold J. Heald

COMMISSIONERS.