

Decision No. 38858

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Application of San Jose Hills Water Company for an Order Authorizing Issuance of Stock and for a Certificate of Public Convenience and Necessity to Operate as a Public Utility Water Corporation.

ORIGINAL

Application No. 27231

Hugh Gordon and Wyman C. Knapp, by Wyman C. Knapp, for applicant; Deiley S. Stafford, City Attorney of Covina, for City of Covina; Lance D. Smith, for La Puente Valley County Water District.

O P I N I O N

In this application, San Jose Hills Water Company asks the Commission to grant it a certificate of public convenience and necessity authorizing it to acquire, maintain and operate a public utility water system within that portion of Los Angeles County designated and described on the map filed in this application as Exhibit "A", and to exercise the rights and privileges granted to it by the franchises issued by the City of West Covina and by the County of Los Angeles. It also asks for an order authorizing the issue and sale of 2,000 shares of no par value stock at \$10 per share.

The Commission by Decision No. 37556, dated December 19, 1944, in Application No. 26305, granted the company a certificate of public convenience and necessity to construct, maintain and operate a public utility water system in the following area:

"Beginning at Walnut Creek and Glendora Ave., thence southwesterly along Glendora Ave.; to Maple Ave., thence easterly along Maple Ave.; to its present end about 100 feet east of Walnut Ave.; thence south along the westerly line of Lot 1, Tract No. 517, Los Angeles County, to Amar Road; thence east along Amar Road to Pass and Covina Road; thence westerly and northerly along Pass and Covina Road to Francisquito Ave.; thence easterly along Francisquito Ave. to Lark Ellen Ave.; thence north on Lark Ellen Ave. to Walnut Creek; thence following the channel of Walnut Creek westerly and northerly to the point of beginning, and contiguous territory facing on the above described exterior boundaries of the area of service, * * *"

Said area, plus the additional area in which applicant now asks permission to construct, maintain and operate a public utility water system, is shown on the map filed in this proceeding as Exhibit "A". The boundary of the entire service area is described as follows:

"Beginning at the intersection of Hudson Avenue and Valley Boulevard; thence Northwesterly along Valley Boulevard to Orange Avenue; thence Northeasterly along Orange Avenue to the dividing line between Lots 407 and 391 (Between Temple and Elliott Avenues in E. J. Baldwin's Fifth Subdivision); thence Southeasterly and Northeasterly along Lot lines 391, 384, 372 and 364 to a point midway between Francisquito and Fairgrove Avenues; thence Southeasterly along an imaginary line to a point approximately one-fourth of one block beyond Sunset Avenue; thence Northeasterly along an imaginary line paralleling Sunset Avenue, and commencing in Lot 362 and bisecting Lots 134, 135, 136 and 137 to a point in the center of Lot 137; thence Southeasterly along an imaginary line to the dividing line between Lots 137, and 148; thence Northeasterly along Lot Lines 137, 138, 139, 140, 141, 142 and 143 to Walnut Creek Wash; thence Easterly along said Wash to a point approximately 300 feet East of Lark Ellen Avenue; thence Southerly along an imaginary line paralleling Lark Ellen Avenue to Francisquito Avenue; thence Westerly along Francisquito Avenue, to its intersection with Covina-Pass Road; thence Southerly and Southeasterly along Covina-Pass Road to Amar Road; thence Easterly to a point approximately 300 feet along an imaginary line constituting a prolongation of Amar Road; thence Southeasterly along an imaginary line paralleling Amar Road for a distance of approximately 3060 feet; thence Westerly and Northwesterly along an imaginary line commencing approximately 3060 feet Southeast of Amar Road and ending approximately 720 feet South of said Road at Del Valle Street; thence along an imaginary line approximately 720 feet South of Amar Road to Glendora Avenue; thence Southerly along Glendora Avenue to Hudson Avenue; thence Southwesterly along Hudson Avenue to a point of beginning."

Applicant will sell water for domestic purposes only in the added service area at the rates which it now has on file with the Commission. The testimony clearly shows a need for a domestic public utility water system in applicant's proposed service area. A number of witnesses testified to that effect. It further shows that applicant is in a position to meet all demands for water service.

In Exhibit "C" applicant reports the cost of proposed extensions to its water system at \$56,432.93. It estimates that under its rules and regulations on file with the Commission, sub-dividers will advance, subject to its refund rules, \$38,163 toward the cost of such extensions, and that it will finance \$18,269.93 of the cost. Applicant asks permission to issue 2,000 shares of stock without par value at \$10 per share. All of the stock will be acquired by Constance Garnier and members of her family. They acquired the 2,250 shares of stock authorized by Decision No. 37556. The stock proceeds will be used to pay about \$8,610 of indebtedness incurred to construct part of applicant's existing water system and to pay in part the cost of extending its water system.

Applicant has been granted a 25-year franchise (Ordinance No. 4638 New Series) by the Board of Supervisors of Los Angeles County. It authorizes applicant to lay, maintain and operate pipe lines for the transportation of water in, under, along and across all public highways within the boundaries specifically described in the Ordinance. A verified copy of the Ordinance is filed as Exhibit "3". Applicant has obtained a 50-year franchise from the City of West Covina. It, too, specifically describes

the boundaries within which applicant may construct, maintain and operate pipe lines for the delivery of water. A copy of that Ordinance is filed as Exhibit "4".

Lance D. Smith, representing La Puente Valley County Water District, requests the Commission to exclude from applicant's service area the territory lying south of Elliott Avenue. This territory is not now a part of the District, nor is the District supplying water to anyone in such area. The District, it appears from the statement by counsel, has an abundant water supply and its directors are of the opinion that by the annexation of the area mentioned to the District it could operate more cheaply. The District desires to contact the owners of land and ascertain if they are willing to have their land included in the District. The District offered no evidence in support of its request. The granting of a certificate of public convenience and necessity to applicant, who has been asked to render public utility water service in the area referred to by counsel, does not prevent the owners of the land from making application for annexation to the District.

Q R D E R

A public hearing having been held on this application by Examiner Fankhauser; the Commission having considered the evidence submitted at such hearing and it being of the opinion that the money, property or labor to be procured or paid for by San Jose Hills Water Company through the issue of the stock herein authorized is reasonably required by said San Jose Hills Water Company for the purposes herein stated; that the expenditures for

said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and that this application should be granted, subject to the provisions of this order, therefore,

The Commission hereby declares that public convenience and necessity requires, and will require, San Jose Hills Water Company to acquire, construct, maintain and operate a public utility water system in the area described in the foregoing opinion.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it is hereby, granted to San Jose Hills Water Company for said purpose, and to exercise the rights and privileges granted by Ordinance No. 4638 (New Series) of the Board of Supervisors of the County of Los Angeles and by Ordinance No. 114 of the City Council of the City of West Covina.

IT IS HEREBY FURTHER ORDERED that San Jose Hills Water Company be, and it is hereby, authorized to issue, on or before December 31, 1946, at \$10 per share, 2,000 shares of no par value stock for the purpose of paying approximately \$8,610 of indebtedness incurred in connection with the construction of additions and betterments to its public utility water system and approximately \$11,390 to pay in part the cost of the additions and betterments to which reference is made in this application.

IT IS HEREBY FURTHER ORDERED that the certificate of public convenience and necessity granted herein is subject to the following provision of law, to wit: that the Commission

shall have no power to authorize the capitalization of the certificate of public convenience and necessity herein granted or the right to own, operate or enjoy such certificate in excess of the amount actually paid to the State or to a political sub-division thereof as the consideration for the grant of said certificate of public convenience and necessity.

IT IS HEREBY FURTHER ORDERED that San Jose Hills Water Company shall file with the Commission a report, or reports, as are required by the Commission's General Order No. 24-A, which order is made a part of this order, insofar as applicable, and shall also file with the Commission a verified copy of the Ordinance granted by the City of West Covina.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will be effective fifteen (15) days after the date hereof.

Dated at Los Angeles, California, this 16th day of April, 1946.

Harold Rudman
Justin F. Coe
Edward C. Clary
Harold Kula
Commissioners