

ORIGINAL

Decision No. 39541

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of MOUNTAIN PROPERTIES, INC., a California corporation, (a) for Certificate of Public Convenience and Necessity to Operate Public Utility Water System at Hawaiian Gardens, and (b) to Execute Promissory Note as Evidence of Indebtedness.

Application No. 26919

J. Lyttleton Lyon, for Applicant,

OPINION

Mountain Properties, Inc., a corporation, is engaged in the business of supplying water for domestic, industrial, and municipal use in a number of communities in Orange County and Los Angeles County. In this application, request is made for a certificate of public convenience and necessity to operate a public utility water system to supply domestic water service to an unincorporated community known as Hawaiian Gardens, located about two miles south of the town of Artesia, Los Angeles County. The Commission is also asked to approve schedules of flat and meter rates.

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

The applicant at the hearing requested permission to withdraw that part of the application relating to authority to execute a promissory note.

The service area for which a certificate is requested herein consists of Tract 7114, Los Angeles County, which comprises about 50 acres; a 20-acre tract sold by metes and bounds containing 66 parcels of land of an average lot size of 59 x 164 feet; and, a parcel of land containing approximately 64 acres to be subdivided in the near future. The entire service area is bounded on the north by

Carson Boulevard; on the east by Coyote Creek and Bloomfield Avenue, on the south by Garfield Avenue; and on the west by Norwalk Boulevard.

The water supply is furnished by two pumping plants located within the service area. Pumping Plant No. 1 consists of two small wells having automatically-controlled pumps discharging into a 10,000-gallon tank. Pumping Plant No. 2 consists of a small well having an automatically-controlled pump discharging into the distribution system through a steel pressure tank. The pumping plants are interconnected and provide an ample quantity of water for present and immediate future requirements. The distribution system consists of 1,050 feet of 8-inch wooden pipe; 5,250 feet of 4-inch wooden pipe, 350 feet of 3½-inch steel pipe, 300 feet of 4-inch transite pipe, and 6,000 feet of 2-inch steel pipe.

The original water service to this area was furnished by two mutual water systems which failed principally because of difficulties arising over the collection of assessments for operation and repair expenses. The water systems were acquired by the applicant some months ago and operating conditions were improved as rapidly as conditions permitted. Since acquisition, applicant has drilled a new well, installed an additional pumping plant and approximately 2,500 feet of pipe lines. The two pumping plants have been interconnected to provide better water service and to insure against service interruption by breakdown of a pumping unit.

The district inspector of the County Board of Health has recently inspected the pumping plants and reported conditions within the requirements set by said Board. No adverse report on the quality of water has ever been filed with either the applicant or the Commission.

The tangible fixed capital value of the property is shown in the following tabulation:

<u>Account</u>	<u>Item</u>	<u>Historical or Book Value</u>
C-5	Land	\$ 298.05
C-6	Buildings	31.50
C-10	Wells	3,617.50
C-14	Pumping Equipment	2,419.20
C-18	Distribution Mains	6,978.10
C-19	Distribution Tanks	3,600.00
C-21	Services	<u>418.25</u>
	Total	\$17,362.60

An allocation of a proper portion of this utility's cost of general office equipment, transportation equipment, tools, and other general capital may properly be added to the above figures.

A summary of the earnings of the system's operations for the year 1945, as shown on the books of the company, is as follows:

Operating Revenues:		\$1,257.65	
Operating Expenses:			
Pumping	\$482.15		
Operating Expense	2.50		
Repairs	376.20		
Commercial	40.35		
General and Miscellaneous	202.65		
Taxes	5.07		
Depreciation	<u>820.31</u>		
			<u>1,929.23</u>
Net Operating Revenue			<u>(\$ 671.58)*</u>

(*) - Red Figures.

The proposed rates submitted by the company are justified, comparing very favorably with those charged by other water systems of similar size in the general vicinity and will be approved, with certain minor modifications, to comply with the provisions of General Order No. 96.

The certificate of public convenience 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 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."

ORDER

Application as above entitled 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 Mountain Properties, Inc., a corporation, to supply

domestic water service in the unincorporated community of Hawaiian Gardens, comprising an area of approximately 134 acres, in the southeasterly section of the County of Los Angeles near the town of Artesia, and as more particularly described in the Opinion which precedes this Order and delineated on that certain map marked Exhibit No. 4 filed in this proceeding and 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 Mountain Properties, Inc., 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 Mountain Properties, Inc., 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 October 1, 1946; which schedule of rates is hereby found to be just and reasonable for the service to be rendered:

Schedule No. 1

GENERAL FLAT RATE SERVICE

Applicability:

Applicable to domestic flat rate water service.

Territory:

In the unincorporated community of Hawaiian Gardens, Los Angeles County, as shown on the map delineating the service area.

Rates:

Per Month

For each residence, including one lot, size not to exceed 59 x 164 feet where service connection is 3/4-inch in diameter or less	\$1.50
For each additional residence on one lot	1.00
For small business lots where the service connection is not larger than 3/4-inch in diameter	1.50
Water for irrigation not included in the above schedule, per 100 square feet irrigated02

Schedule No. 2

GENERAL METERED SERVICE

Applicability:

Applicable to domestic, industrial and municipal meter rate service.

Territory:

In the unincorporated community of Hawaiian Gardens, Los Angeles County, as shown on the map delineating the service area.

Rates:

Per Meter
Per Month

Monthly Quantity Rates:

0 to 1,000 cubic feet, per 100 cubic feet	\$0.25
1,000 to 3,000 cubic feet, per 100 cubic feet20
3,000 to 6,000 cubic feet, per 100 cubic feet15
All over 6,000 cubic feet, per 100 cubic feet12

Monthly Minimum Charges:

5/8-inch meter	\$1.50
3/4-inch meter	1.75
1-inch meter	2.25
1 1/2-inch meter	4.00
2-inch meter	6.00

The Monthly Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Monthly Quantity Rates.

A meter may be installed on any service at the option of either the consumer or the utility.

3. That Mountain Properties, Inc., 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 Mountain Properties, Inc., 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 24th day of September, 1946.

Harold P. Huls

Justice F. Cooney

Lawrence J. Powell

A. J. Johnson

Commissioners.