

Decision No. 40838

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of  
 SAN JOSE HILLS WATER COMPANY, a  
 Corporation, for a Certificate of  
 Public Convenience and Necessity to  
 conduct certain water corporation  
 operations; for authority to issue  
 stock; and for authority to issue notes.

Application No. 28412

Gordon and Knapp, by Hugh Gordon, for Applicant.

Dailey S. Stafford, for City of Covina.

Samuel R. Zimmerman, for the City of West Covina.

Valencia Water Company, a mutual corporation,  
by Percy Jackson.

Hallenbeck Street Water Company, a mutual corporation,  
by Arthur M. Daniels.

Valencia Heights Water Company, a mutual corporation,  
by W. H. Brandon.

FIRST SUPPLEMENTAL OPINION

San Jose Hills Water Company, a corporation, operates a public utility water system under certificates of public convenience and necessity heretofore granted by this Commission, (1) covering territory lying a few miles northeasterly of the town of Puente and extending to and including certain lands lying within the corporate limits of the City of West Covina, all situate within the County of Los Angeles. An amended application was filed in this matter, requesting immediate authority to issue and sell 2,750 shares of its capital stock and \$40,000 of unsecured six per cent notes, prior to the holding of the hearing in connection with the request for a certificate of public convenience and necessity to extend water service into certain adjacent and adjoining territory. Decision No. 41494 was issued on July 8, 1947, granting the authority requested in said amended

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Note - (1): Decision No. 37556, issued December 19, 1944.  
 Decision No. 38858, issued April 16, 1946.

application. There remains now pending before the Commission in this matter the request for authority to extend applicant's service area and for the establishment of rates therein.

A public hearing on this latter phase of the proceeding was held in Covina before Examiner MacKall.

San Jose Hills Water Company serves water in a territory which is now designated as the Puente System to which it desires to add some 287 acres of adjoining lands which all can be served in one pressure zone. In addition thereto, the company has established the South Covina System embracing 1,008 acres of contiguous lands generally higher in elevation and requiring a separate pumping zone. To serve the subdivided tracts and private homes, 9,437 feet of 6 and 8-inch pipe, including fire hydrant connections, already have been laid in this division. A third zone has been established as the Highlands System, embracing some 635 acres of land adjoining and adjacent to both the Puente and South Covina Systems and extending along the slopes of the San Jose Hills. This district requires a further and still higher pumping zone. Located within the Highlands System, and now receiving water service through 6 and 8-inch mains installed by applicant company, is the El Rancho Estate, an 80-acre subdivision, with building restrictions and a minimum limitation in lot area of one and one-half acres. In this development several homes already are occupied and many more are in the process of construction. Large-sized mains have been installed throughout to provide fire protection service. Several fire hydrants are now in place and provision is made for others.

In the South Covina District, service by applicant company already has been extended to a subdivision of a portion of the Vanderhoof Ranch. Lying also within the South Covina territory is a subdivision known as Covina Highlands and properties owned or controlled by the Covina Development Company. Many owners of acreage property, largely planted now in citrus or walnut groves, ranging in size from 10 to over 400 acres and located throughout the newly proposed service area, testified that they intend to subdivide all or portions of their holdings

as soon as conditions warrant and will require domestic water service from applicant company as the only reliable and dependable source available.

A report submitted by James F. Wilson, one of the Commission's engineers, sets forth the estimated original cost of all water system properties at \$189,088, as of June 30, 1947. The gross revenues received during the year 1946 were \$2,831 and the operating expenses during the same year were \$3,990, including depreciation. It will be noted that this utility did not meet its operating expenses in 1946. However the system is now in its initial stages of development and during the present year is rapidly adding new consumers so that in the near future operations will be satisfactorily remunerative. This utility served 135 consumers on December 31, 1946, and 390 on July 31, 1947.

The standards of materials and construction adopted and used by this water company are satisfactory and the water works design follows approved engineering practices. Applicant has adequate water now available and facilities for future development when required. Storage is dependable, especially so in view of certain working agreements with mutual agricultural water companies providing for standby and joint use of storage and other facilities, including water supply.

Applicant is the holder of franchises heretofore issued by the City of West Covina and by the County of Los Angeles, authorizing the use of the streets, roadways and thoroughfares for the purpose of laying, installing and maintaining pipe lines and facilities, and for the general operation of a water works throughout the entire area into which this application seeks authority to extend service.

The representatives of several mutual water companies, rendering agricultural irrigation service in various scattered or isolated sections of applicant's proposed service area, were not entirely in favor of the granting of this certificate. While these mutual systems are not designed for domestic service, in some instances a few ranches receive water for domestic use as an incidental service. The record herein shows that these mutual companies are not ready or willing to provide domestic water service and fire protection to the many

subdivisions and developments already in this area, nor are any of them capable of doing so with their present systems. Applicant herein will not supply agricultural irrigation service at all and, as the record indicates, will not interfere with such minor domestic services as may now be provided by these mutual companies.

A more vigorous protest, however, was made against the granting of this certificate by the City of West Covina. Counsel for said city stated that the City of West Covina, through its city engineer, already is investigating the matter of a municipal water supply with the intention of devising a comprehensive plan of water development to serve the entire city, including a portion of the new territory which this application seeks to serve. Upon this ground protestant wishes the Commission to deny the request of applicant to serve water within the enlarged area of the Puente System, the South Covina System, and even in the Highlands System to the extent and in so far as any future comprehensive water system of said city might overlap said Highlands System.

The record shows that the domestic water service provided throughout practically all of the business and general residential districts of West Covina is furnished by the municipal water works operated by the City of Covina. The city attorney representing Covina in this proceeding made no protest against the granting of applicant's request for a certificate.

No testimony or other evidence was presented in behalf of the City of West Covina showing any plans for the municipal water works construction, tentative or otherwise; neither was any intimation given as to how many years might elapse before said city would be able to furnish water within any portion of its corporate limits. On the other hand, already there are several residential developments within this new area now receiving water from applicant or demanding the installation of water mains as soon as possible. Immediate public convenience and necessity require the granting to applicant of the certificate as prayed. In so doing the rights and privileges of the City of West Covina will in no wise be abridged in so

far as the embarking upon any future municipal water works project is concerned. Likewise such action will not interfere with any negotiations now in progress or contemplated by and between this protestant and the City of Covina looking toward improvement in the present service rendered by the latter city's municipal water works.

The certificate of public convenience and necessity granted herein is subject to the following provision 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."

ORDER

Application as entitled above having been filed with the Public Utilities Commission of the State of California, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require, and will require, the construction and operation of a public utility water system by the San Jose Hills Water Company, a corporation, in the subdivided areas known as the Fuente area, South Covina area and Highlands area, all lying northeasterly of the town of Fuente, in the County of Los Angeles, and as more particularly delineated on that certain map filed as Exhibit No. 1 in this proceeding, which map is 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 the San Jose Hills Water Company, a corporation, to operate a public utility for the distribution and sale of water within the territory hereinbefore described.

2. That San Jose Hills Water Company, a corporation, is hereby authorized and directed to file in quadruplicate with this Commission, within thirty (30) days from the date of this Order, in conformity with the Commission's General Order No. 96, the following schedules of rates to be charged for water service rendered to its customers, which schedules of rates are hereby found to be just and reasonable for the service to be rendered:

Schedule No. 1

MONTHLY FLAT RATES

Applicability:

Applicable to domestic water service, including irrigation of residential property at flat rates.

Territory:

In that subdivided area served by the Puente System, as delineated on the tariff maps attached hereto.

Rates:

Per Month

For each residence including one lot of 10,000 square feet or less per service . . . . .	\$2.00
Each additional 1/2 acre or less . . . . .	1.00
Each additional residence on a lot . . . . .	1.00

Special Conditions:

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

Schedule No. 2

GENERAL METER SERVICE

Applicability:

Applicable to domestic water service, including irrigation of residential property at meter rates.

Territory:

In that subdivided area served by the Puente System, as delineated on the tariff maps attached hereto.

Schedule No. 2 - Continued

GENERAL METER SERVICE

Rates:

Per Meter  
Per Month

Monthly Quantity Rates:

First	1,000 cubic feet or less . . . . .	\$1.75
Next	4,000 cubic feet, per 100 cubic feet . . . . .	.12
Next	5,000 cubic feet, per 100 cubic feet . . . . .	.10
Over	10,000 cubic feet, per 100 cubic feet . . . . .	.08

Monthly Minimum Charge:

For	5/8 x 3/4-inch meter . . . . .	\$1.75
For	3/4-inch meter . . . . .	2.00
For	1-inch meter . . . . .	3.50
For	1 1/2-inch meter . . . . .	5.00
For	2-inch meter . . . . .	7.50

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.

Schedule No. 3

OPTIONAL METER SERVICE

Applicability:

Applicable to uninhabited lots, tracts, or property for irrigation or general water purposes. The rates herein provided will apply only at the customer's written election, payable one year in advance.

Territory:

In that subdivided area served by the Fuente System, as delineated on the tariff maps attached hereto.

Rates:

Per Meter  
Per Year

Quantity Charge:

First	12,000 cubic feet or less . . . . .	\$21.00
Next	48,000 cubic feet, per 100 cubic feet . . . . .	.12
Next	60,000 cubic feet, per 100 cubic feet . . . . .	.10
Over	120,000 cubic feet, per 100 cubic feet . . . . .	.08

Annual Minimum Charge:

For	5/8 x 3/4-inch meter . . . . .	\$21.00
For	3/4-inch meter . . . . .	24.00
For	1-inch meter . . . . .	42.00
For	1 1/2-inch meter . . . . .	60.00
For	2-inch meter . . . . .	90.00

The Annual Minimum Charge will entitle the consumer to the quantity of water which that annual minimum charge will purchase at the quantity rates.

Schedule No. 4

GENERAL METER SERVICE

Applicability:

Applicable to all domestic, commercial and industrial metered water service.

Territory:

In that subdivided area served by the South Covina System, as delineated on the tariff maps attached hereto.

Rates:

Per Meter  
Per Month

Monthly Quantity Rates:

First 1,000 cubic feet, per 100 cubic feet . . . . .	\$0.175
Next 4,000 cubic feet, per 100 cubic feet . . . . .	.12
Next 5,000 cubic feet, per 100 cubic feet . . . . .	.10
Over 10,000 cubic feet, per 100 cubic feet . . . . .	.08

Monthly Minimum Charge:

For 5/8 x 3/4-inch meter . . . . .	\$2.25
For 3/4-inch meter . . . . .	2.50
For 1-inch meter . . . . .	3.50
For 1 1/2-inch meter . . . . .	5.00
For 2-inch meter . . . . .	7.50

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.

Schedule No. 5

GENERAL METER SERVICE

Applicability:

Applicable to all domestic, commercial and industrial metered water service.

Territory:

In that subdivided area served by the Highlands System, as delineated on the tariff maps attached hereto.

Rates:

Per Meter  
Per Month

Monthly Quantity Rates:

First 1,000 cubic feet, per 100 cubic feet . . . . .	\$0.25
Next 4,000 cubic feet, per 100 cubic feet . . . . .	.15
Over 5,000 cubic feet, per 100 cubic feet . . . . .	.12



Schedule No. 5 - Continued

GENERAL METER SERVICE

Rates - Continued:

Monthly Minimum Charge:

Per Meter  
Per Month

For 1-inch meter . . . . .	\$ 7.00
For 1½-inch meter . . . . .	10.00
For 2-inch meter . . . . .	15.00

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.

3. That San Jose Hills Water Company, within sixty days after the date of this Order, shall file four copies of a suitable map or sketch of the entire Puente, South Covina and Highlands Systems, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereon in distinctive markings the boundaries of its service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such map or sketch shall not be considered as a final or conclusive determination or establishment of the dedicated area of service.
  
4. That San Jose Hills Water Company, within sixty days after the date of this Order, shall file four copies of a comprehensive map, drawn to an indicated scale of not less than 400 feet to the inch, of the entire area of service, delineating correctly thereon by appropriate markings the various tracts of land in the territory served. Such 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; provided, however, that such filing shall not be construed as a final determination or establishment, in whole or in part, of the dedicated area of service.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 21st day of October, 1947.

Harold P. Hills  
Justus T. Calver  
Q. E. [unclear]  
Penelope [unclear]  
 Commissioners.