

ORIGINAL

Decision No. 42837

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own)
motion to determine whether public)
convenience and necessity require that)
PARK WATER COMPANY be authorized and)
directed to furnish water service to) Case No. 5013
the inhabitants of that certain area)
now being served by RONALD S. DUMAS)
doing business as AJAX WATER COMPANY,)
situated between the cities of Lynwood)
and Compton in Los Angeles County.)

In the Matter of the Investigation on)
the Commission's own motion into the)
public utility operations of RONALD S.) Case No. 5014
DUMAS, doing business as AJAX WATER)
COMPANY.)

In the Matter of the Application of)
RICHARD W. JONES and RONALD DUMAS,)
doing business as AJAX WATER COMPANY,)
for an order (a) authorizing the sale)
to Richard W. Jones of the water sys-)
tem of Ajax Water Company and the) Application No. 30235
certificate of public convenience and)
necessity for the operation thereof,)
(b) authorizing Richard W. Jones to)
operate the property so acquired and)
(c) authorizing Ronald Dumas to dis-)
continue service as a public utility.)

Ronald H. Dumas in propria persona; O'Melveny and Myers,
by James E. Dunlap, for Richard W. Jones; Henry H. Wheeler for
Park Water Company; Lyle C. Haynes for Health Department, County
of Los Angeles; Mrs. C. C. Matheny for consumers of Ajax Water Co.,
J. D. Reader, Assistant Utilities Engineer, Public Utilities
Commission.

O P I N I O N

By Cases Nos. 5013 and 5014, dated April 5, 1949, the
Commission instituted investigations on its own motion for the

following purposes:

- (a) To determine whether public convenience and necessity require that Park Water Company be authorized and directed to extend its facilities in order to serve the inhabitants of the area now being served by Ronald S. Dunas.
- (b) To inquire into the adequacy of the water service being rendered by said Ronald S. Dunas, doing business as Ajax Water Company, and the adequacy of the equipment and facilities used in furnishing such service.
- (c) To determine whether Ronald S. Dunas has complied with the requirements of this Commission's Order in Decision No. 42307.
- (d) To determine whether the certificate of public convenience and necessity now held by Ronald S. Dunas, authorizing the furnishing of water to the inhabitants of Tracts Nos. 8242 and 6575 should be revoked for failure of said Ronald S. Dunas to comply with this Commission's Order in Decision No. 42307, or for his failure to render adequate water service to the inhabitants of said area, or for any other lawful reason.

In Application No. 30235, filed April 14, 1949, Ronald Dunas, doing business as AJAX WATER COMPANY, seeks authority to sell and transfer, and Richard W. Jones seeks authority to purchase, acquire, and operate the public utility water system heretofore established pursuant to the certificate of public convenience and necessity granted by this Commission in its Decision No. 28893, dated June 15, 1936.

A public hearing was held in these matters in Los Angeles, California, on April 22, 1949. Evidence, oral and documentary, having been adduced, upon a consolidated record, the matters were submitted for decision.

The record shows, and we find, the facts to be as follows:

That Park Water Company is a public utility water corporation, as defined in Section 2 of the Public Utilities Act of the State of California, having a certificate of public convenience

and necessity, authorizing it to furnish water to inhabitants of certain areas in the County of Los Angeles, granted in Decision No. 30620, dated February 14, 1938; that one of said areas is Park Water Company's operating District No. 4, bounded, generally, on the north by Magnolia and Lavinia Avenues, on the east by Atlantic Avenue, on the south by the northern boundary limits of the City of Compton, and on the west by Bullis Road.

That Ronald S. Dunas, doing business as Ajax Water Company, owns and operates a public utility water system within the meaning of Section 2 of said Public Utilities Act, and is the authorized holder of a certificate of public convenience and necessity granted by this Commission in its Decision No. 28893, dated June 15, 1936, authorizing the furnishing of water to the inhabitants residing in a territory, the major portion of which lies within the area bounded, generally, by Atlantic Avenue on the east, Lavinia Avenue on the south, Caress Street on the west, and Santa Ana Street on the north, said area bordering on operating District No. 4 of said Park Water Company along Lavinia Avenue.

That on December 14, 1948, this Commission rendered its Decision No. 42307, on Application No. 29534 filed by Ajax Water Company, in which it was found that increased rates were justified and that the pumping equipment should be overhauled and many mains should be replaced. That increased rates became effective on January 1, 1949, and Ajax Water Company was ordered to file specific plans providing for the installation of adequate-sized distribution mains, and increase the working pressure to provide not less than 25 pounds per square inch at each consumer's service connection, together with an estimate of the expected completion date of said improvements.

That the written statement for the improvement of the water system, filed by Ronald S. Dunas on January 3, 1949, is not a specific plan for the installation of adequate-sized distribution mains and the increase of working pressure in said mains to not less than 25 pounds per square inch at each consumer's service pipe connection, nor did said statement state or estimate a date for the completion of said improvements.

That the condition of the "water system" of the Ajax Water Company is very poor; that mains are not of adequate size and are in need of repair; that ordinary maintenance has been neglected; that there is a substantial failure of service due to low water pressure; that the only well in the system has been condemned by the Health Department of the County of Los Angeles; that said well collapsed on March 31, 1949, and has not since been in operation; that an emergency supply of water is now obtained from the City of Lynwood; that the water, prior to the well collapse, was muddy but is now clear although pressure is still too low to meet even the minimum needs of the consumers; that pressure cannot be increased in the present mains due to the poor condition and small size of the pipes; that Ronald S. Dunas is not able to finance the improvement of his water system sufficiently to supply the consumers with an adequate water supply at a satisfactory working pressure.

That Park Water Company is experienced in the operation of public utility water systems and is now rendering a satisfactory service to its consumers in its District No. 4 area adjacent to the service area of the Ajax Water Company; that Park Water Co. has the materials, equipment and financial means to provide an

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adequate water supply for all consumers in Tracts Nos. 8242 and 6575, and also for fire prevention purposes. The Park Water Company will construct an entirely new distribution system to meet the needs of all the consumers in the Ajax Water Company tract immediately upon receiving authority from this Commission.

That Ronald S. Dunas has agreed to sell his water system to Richard W. Jones for a consideration of \$1,000 in cash.

That Richard W. Jones intends to overhaul or rehabilitate the present Ajax Water Company system; that applicant Jones estimates the cost of repairing the water system to be \$4,375; that the Commission's engineer estimated the cost of reconstruction to be from \$15,500 to \$22,500, depending on the quality pipe used for replacement; that the president of Park Water Company estimated the cost of installing an entirely new system to be \$20,000 to \$25,000.

The record is not clear as to how the purchaser, Richard W. Jones, proposes to manage and operate the Ajax Water Company. He testified that he had hired a hydraulic engineer to superintend the operation of the water system but the contract (Exhibit No. 6) merely calls for semi-monthly inspections. Although Jones stated that he has investigated small water companies during the past two years, he has not had any practical experience in the operation or management of water systems.

The Commission engineer testified that, if the present system is replaced by entirely new materials, the reasonable salvage value of the Ajax Water Company properties would be \$1,600.^{1/}

^{1/} Value of one-half of Lot 57, \$800; 370 feet of three-inch galvanized pipe, \$300; pump, \$250; and tank, \$250.

Having fully considered the record in this proceeding the Commission concludes that it is in the public interest to deny the application of Ronald S. Dunas and Richard W. Jones, Application No. 30235, annul and revoke the certificate of public convenience and necessity now held by Ronald S. Dunas, and authorize and direct Park Water Company to extend its facilities in order to serve the inhabitants of the area now served by Ronald S. Dunas.

O R D E R

A public hearing having been held in the above-entitled matters, the Commission having considered the evidence and having found facts and concluded as hereinabove set forth,

IT IS HEREBY DECLARED AND ORDERED:

- (1) That the present and future public convenience and necessity require, and will require, that Park Water Company, a corporation, construct, operate, and maintain a public utility water system for the purpose of supplying water for domestic and irrigation purposes within that certain area described as Tracts Nos. 8242 and 6575, Los Angeles County.
- (2) That a certificate of public convenience and necessity be, and it hereby is, granted to Park Water Company, a corporation, for the purpose of constructing, operating, and maintaining a public utility water system in said areas.
- (3) That Park Water Company be, and it hereby is, directed to file with this Commission within twenty (20) days after the date of this Order, rules and regulations, and a schedule of

rates to be charged to consumers in Tracts Nos. 8242 and 6575, which shall be similar to the rules and regulations and schedule of rates now on file with this Commission and applicable to its District No. 4 operating area.

(4) That Application No. 30235 be, and it hereby is, denied.

(5) That the certificate of public convenience and necessity granted to Genevieve A. Purdum, as Managing Trustee, by Decision No. 23893, on Application No. 20506, and subsequently transferred to Ronald S. Dunas by Decision No. 37603, on Application No. 26369, be, and it hereby is, revoked and annulled as of the first day of June, 1949.

(6) That the schedule of rates and the rules and regulations governing service to consumers of Ronald S. Dunas, doing business as Ajax Water Company, now on file with the Public Utilities Commission of the State of California, be, and they hereby are, cancelled as of the first day of June 1949 ~~effective date of this order.~~

(7) That Park Water Company shall construct and operate the public utility water system herein authorized and shall provide an adequate supply of water for domestic and irrigation purposes to the inhabitants of Tracts Nos. 8242 and 6575, not later than the first day of June, 1949.

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

Dated at San Francisco, California, this 3rd day of May, 1949.

Q.3. Dunning
Justin F. Cramer

Harold P. Kula

Commissioners