

Decision No. 44038**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION  
 OF JUNIOR WATER CO., INC. FOR  
 AUTHORIZATION TO RECEIVE CERTIFICATE  
 OF CONVENIENCE AND NECESSITY AND FOR  
 ORDER AUTHORIZING ISSUE OF STOCK.

Application No. 30883

M. Lewis Lehman, Attorney for applicant;  
H. H. Wheeler, Park Water Company,  
 protestant.

O P I N I O N

In this application, Junior Water Co., Inc. asks the Commission to grant it a certificate of public convenience and necessity to furnish water as a public utility in Tracts Nos. 14761, 16200, and 16245, located in the vicinity of Norwalk, in Los Angeles County.

Applicant also asks permission to issue 2,500 shares of its 20,000 shares of authorized common stock at a par value of \$10 a share and to use the proceeds to pay in part for the water system being constructed to supply water to residents of said tracts.

A public hearing on this application was held by Commissioner Huls and Examiner Crenshaw on March 6, 1950, at which Park Water Company appeared and protested the granting of a certificate for a portion of the territory for which the certificate had been requested. At the hearing, applicant requested and was granted permission to include Tract No. 16478 in its application for a certificate of public convenience and necessity.

The territory for which a certificate is requested includes Tracts. Nos. 14761, 16200, 16245, and 16478, together with certain undeveloped territory as set forth in applicant's Exhibit No. 6 submitted at the hearing and outlined in green ink. This territory is

bounded on the west by Studebaker Road, on the south by Rosecrans Boulevard, and on the north by a line beginning 1,158 feet north of Leffingwell Road on Studebaker Road, and from this point extends easterly in a straight line 2,226 feet to a point which is intersected by a vertical line 560 feet north of Leffingwell Road; thence 560 feet southerly to Leffingwell Road; thence easterly along Leffingwell Road to the east boundary of Tract No. 16478; thence southerly along the east boundary of Tracts Nos. 16478 and 16200 to Rosecrans Boulevard.

Applicant intends to serve 369 consumers in Tract No. 16200 as soon as the water system is installed and the homes in the process of construction are completed and occupied. These are to be two- and three-bedroom homes on lots approximately 50 by 115 feet. Applicant estimates that in addition to the homes in Tract No. 16200, it will supply with water service 89 homes in Tract No. 14761, 24 homes in Tract No. 16478, and 393 homes in Tract No. 16245.

The source of water supply as contemplated at the present time consists of a 12-inch well drilled in 1939 to a depth of 140 feet, located on Lot 90, Tract No. 16200. The well installed on this lot was found upon test to be capable of producing approximately 975 g.p.m. It is also planned to install another well and pumping plant on Lot 39 of Tract No. 16245, which eventually will be tied in with the water system in Tract No. 16200.

The cost of the lands, wells, and pumping equipment, now installed and to be installed in the future, is estimated to be \$19,744.96. The record also shows applicant's organization expense in the amount of \$695.40. The estimated cost of the mains to be installed is \$94,481.85, making a total of \$114,922.21 for the above three items.

The total lineal feet of main to be installed in the tracts consists of 16,027 feet of four-inch, 17,777 feet of six-inch, and

210 feet of eight-inch main. An agreement dated December 21, 1949, between the subdividers, Ponty Junior, Inc., and the applicant, Junior Water Co., Inc., provides that the water mains will be installed by the subdividers of the tracts in applicant's proposed service area and the ownership thereof together with necessary easements and rights of way will be transferred to the applicant as soon as the mains on each tract are completed and ready for use. The subdividers are to be reimbursed within a 10-year period substantially in accordance with the usual subdivision rule on the basis of 35% of the gross revenues received by applicant from water service rendered within the several tracts.

In acquiring the properties, applicant proposes to assume payment of the amounts due the subdividers, reported in the application at \$94,481.85, and to issue and sell at par for cash 2,500 shares (\$25,000 par value) of common stock to finance the expenditures for organization, land, wells, and pumping equipment, and to provide working capital. The record in this matter indicates that the proposed issue of stock should be authorized.

Applicant estimates the gross revenue for water service to be \$36,250 when the homes in all of the tracts are completed, and the net revenue to be \$6,250.

Mr. H. H. Wheeler, President of Park Water Company, appeared and protested the granting of a certificate to applicant for that portion of territory lying outside the four subdivisions which applicant intends to serve. The two portions entitled "not a part of this subdivision," and shown as Nos. 3 and 4, are, according to the record, now being supplied by Park Water Company; therefore, applicant stated at the hearing that it would not request these parcels to be considered as part of its certificate.

A portion of territory lying between Tract No. 16245 and Tracts Nos. 14761 and 16200, between Leffingwell Road and Rosecrans Boulevard, has not been subdivided. Park Water Company also

protested the inclusion of this parcel in applicant's certificate. Applicant stated that in the future it contemplated tying in the distribution systems of the above tracts, the pipes of which would cross this territory. It, therefore, appears reasonable to incorporate Parcel No. 5 in applicant's certificate. Two other parcels shown as 1 and 2 on applicant's Exhibit No. 6, have not been subdivided. It was the Park Water Company's contention that since this territory is not to be subdivided and there is no demand for water service at the present time, Parcels 1 and 2 should not be included in applicant's certificate. Parcel 1 is that territory lying north of Leffingwell Road and east of Studebaker Road; Parcel 2 is located east of Studebaker Road and south of Leffingwell Road and is bounded on the east and south by Tract No. 16245. Since no development of Parcels 1 and 2 is contemplated at the present time, we are of the opinion that they should not be incorporated in applicant's certificate.

Applicant submitted rates to be charged for water service in this area similar to those charged by the Excelsior Water Company which is located in the immediate vicinity. Applicant contemplates charging a flat rate of \$2.50 per month for residential water service, which appears to be reasonable for a single family dwelling. In our opinion, however, the flat rate schedule should have a maximum limitation on the size of the lot and also should include a rate for additional family units on single premises. Provision therefor will be made in the schedule of rates established in the following order. Applicant anticipates serving certain business and commercial establishments in the near future and has submitted a meter rate for this class of demand. The rates set forth in Exhibit A, attached to and made a part of this decision, include domestic service as well.

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 or to a political subdivision thereof as the consideration for the grant of such certificate of public convenience and necessity or right.

ORDER

Public hearing having been held in the above-entitled application, the matter having been submitted and the Commission being fully advised,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the operation of a public utility water system by Junior Water Co., Inc. in subdivided tracts known as Tracts Nos. 14761, 16200, 16245, 16478, and that portion of territory marked No. 5 not subdivided, bounded on the west by Tract No. 16245, on the north by Leffingwell Road, on the east by Tracts Nos. 14761 and 16200, and on the south by Rosecrans Boulevard, all located in the vicinity of Norwalk, in Los Angeles County, in the area more particularly set forth on map marked Exhibit No. 6 in this proceeding, which exhibit is made a part of this order by reference; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Junior Water Co., Inc. to operate a public utility water system for the distribution and sale of water within the territory hereinbefore described; provided, however, that the certificate of public convenience and necessity herein granted to Junior Water Co., Inc. shall be subject to the condition that it shall not make extensions into other territory contiguous to any of the certificated area described without authority first having been obtained from this Commission.

IT IS FURTHER ORDERED that applicant

1. Shall file rates set forth in Exhibit A attached to this order, to be effective on and after June 1, 1950, together with rules and regulations and tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. Shall file within sixty (60) days after the effective date of this order, four copies of a comprehensive map drawn to an indicated scale of not less than 400 feet to the inch, delineating by appropriate markings the various tracts of

land and territory served and the location of the various properties of applicant.

3. After the effective date hereof and on or before September 30, 1950, may issue and sell at par for cash, 2,500 shares of its common stock at not less than ten dollars (\$10) per share and use the proceeds to finance organization expenses and the cost of land, wells and pumping equipment and to provide working capital, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of said shares of stock is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. Shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order in so far as applicable, is made a part of this order.
5. The authorization herein granted shall lapse if not exercised within one (1) year from the date hereof.

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

Dated at San Francisco, California, this 11<sup>th</sup> day of April, 1950.

R. E. Zimmerman  
Justice J. C. Green  
Chas. Russell  
Harold A. Kula  
Francis H. Potter  
 Commissioners.

Schedule No. 1

MONTHLY FLAT RATES

APPLICABILITY

Applicable to all unmeasured domestic and commercial use of water.

TERRITORY

Within Tracts Nos. 14761, 16200, 16245, 16478, and the territory bounded by Leffingwell Road on the north, Rosecrans Boulevard on the south, Tract No. 16245 on the west and Tracts Nos. 14761 and 16200 on the east, all in the vicinity of the town of Norwalk, Los Angeles County.

RATES

	<u>Per Month</u>
For each 3/4-inch service, per single family unit on a single lot not to exceed 6,000 square feet in area.....	\$2.50
For each additional family unit on single premises.....	1.00
For area in excess of 6,000 square feet, per 100 square feet.....	.02

Metered service will be furnished upon the request of a consumer, or at the option of the company.

Schedule No. 2

GENERAL METER RATES

APPLICABILITY

Applicable to all measured domestic and commercial use of water.

TERRITORY

Within Tracts Nos. 14761, 16200, 16245, 16478, and the territory bounded by Leffingwell Road on the north, Rosecrans Boulevard on the south, Tract No. 16245 on the west and Tracts No. 14761 and 16200 on the east, all in the vicinity of the town of Norwalk, Los Angeles County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
<u>Quantity Rates:</u> <i>was changed</i>		
First	1,500 cu. ft. or less.....	\$2.25
Next	1,500 cu. ft., per 100 cu. ft.....	.12
Next	2,000 cu. ft., per 100 cu. ft.....	.10
All over	5,000 cu. ft., per 100 cu. ft.....	.08

Minimum Charge:

For	5/8 x 3/4-inch meter.....	2.25
For	3/4-inch meter.....	3.00
For	1-inch meter.....	4.00
For	1 1/4-inch meter.....	6.00
For	2-inch meter.....	10.00

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