

Decision No. 44296

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PARK WATER COMPANY, a corporation, for
 a Certificate of Public Convenience and
 Necessity to Furnish Water Service to
 Certain Territory in the County of
 Los Angeles.

Application No. 31106
 Amended

Paul Overton and Gail B. Selig by Gail B. Selig,
 for applicant; Sarah G. Zastrow, for Peerless Land
 and Water Co., protestant as to Territory No. 3
 (Tract No. 15863).

O P I N I O N

Park Water Company, a corporation, by the above-entitled application filed March 14, 1950, requests a certificate of public convenience and necessity authorizing it to construct and operate a series of nine water systems. Eight of applicant's proposed service areas are located in unincorporated territory in Los Angeles County, California, and one proposed service area is located within the corporate limits of the City of Compton, Los Angeles County, California. Maps filed as Exhibits D, E, F, G, H, and I, with the application more particularly delineate the proposed area.

A public hearing on this application was held before Examiner Warner on May 23, 1950, at Los Angeles, California.

Park Water Company, a California corporation, filed its Articles of Incorporation with the Commission in Application No. 21668 and successive amendments in Applications Nos. 22589, 25137, and 27000. It furnishes water service to some 18,000 customers in 35 water systems located in the south and southeastern portion of Los Angeles County, and in two water systems in San Bernardino

County. It has a total fixed capital in service in excess of \$2,000,000, and gross operating revenues will approximate \$350,000 during 1950. It has no bonded indebtedness and no bank loans, there being current indebtednesses only. It employs 75 persons, most of whom are engaged in construction work installing new water systems and making service connections in the very rapidly growing southeastern area of Los Angeles County in the vicinity of the communities of Downey, Norwalk, Bellflower, Compton, and along Firestone Boulevard, Lakewood Boulevard, Rosecrans Avenue, Compton Boulevard and other areas in this section of Los Angeles County. It maintains three regular maintenance and service crews of two men each, and a general office at 4206 E. Rosecrans Avenue, Compton, California. All billing and collecting, and handling of service matters are accomplished at and through the general office, there being no branch offices.

Applicant proposes to serve, and is serving, in nine areas identified in the application as Territories 1 through 9, inclusive, which include 26 subdivided tracts, together with small portions of non-subdivided area adjacent thereto. As of May 23, 1950, the record shows there were 1,787 consumers and a total of 3,291 lots on most of which homes and buildings are under construction in the proposed areas. The specific characteristics of each territory will be discussed under separate captions applying to each territory. There are certain common characteristics which apply to all and are set forth in the following discussion:

Generally speaking, the topography of the nine territories is flat. There appears to be an abundant water supply. The areas have been under intensive real estate development during the years 1948, 1949, and 1950 to date. There are approximately 2,000 new homes either completed or under construction, each of which will

be furnished water at 45 to 55 pounds pressure per square inch from deep wells equipped with 50 or 75 hp motor-driven pumps. There are and will be mercantile districts, schools, churches, and clubs in some of the areas. Fire hydrant risers have been provided by applicant at locations requested by the Los Angeles County Fire Prevention Bureau; the costs of installation of hydrants, excluding the cost of the hydrants themselves, are borne by applicant. An agreement with Los Angeles County provides for the payment of \$1 per hydrant per month for water service.

The general characteristics of applicant's system are dictated, in part, by Federal Housing Authority and Veterans Administration regulations for the obtaining of home loans from such agencies.

Applicant's witness, Mr. H. H. Wheeler, President, stated that it is intended to apply Park Water Company's presently filed uniform flat and meter rates to all areas included in this application. These flat and meter rates are as follows:

Flat rates are \$1.50 per month, per single family unit for 7,500 square feet, plus 2 cents per 100 square feet per month in excess of 7,500 square feet. There is a temporary rate of \$2.50 per acre for acreage.

Meter rates include a minimum rate of \$1.50 per meter per month for a 5/8-inch by 3/4-inch meter; with the first 2,000 cubic feet of water usage at 15 cents per 100 cubic feet per meter per month; with the next 8,000 cubic feet at 12½ cents per 100 cubic feet; the next 90,000 cubic feet at 10 cents per 100 cubic feet; the next 100,000 cubic feet at 8 cents per 100 cubic feet, and all over 200,000 cubic feet at 7.2 cents per 100 cubic feet.

Domestic consumers are served at the flat rate, meters being installed on this type of service only in instances of

excessive use. Meters are installed for business and industrial properties and schools.

The water being served has been and is tested by Los Angeles County Health authorities at regular two-week intervals, and the water has been found potable.

The wells are drilled on land owned by applicant, and mains are laid in easements and alleys. It has not been necessary to secure a franchise from the County of Los Angeles, but witness for applicant testified that he would be willing to secure such franchise if it were found at a later date to be necessary.

The record shows that in every instance notices of the hearing in this proceeding were sent to adjoining utilities, mutual water companies, and county water districts. In only one instance was an appearance made and protest registered. Mrs. Zastrow, Secretary-treasurer of Peerless Land and Water Co., appeared as protestant to the granting of a certificate in Territory No. 3, Tract No. 15863, but withdrew the protest filed with the Commission in its entirety at the hearing and, further, agreed to a request by applicant that the Commission cancel that portion of the certificated area granted to Peerless Land and Water Co., a corporation, by the Commission's Decision No. 34063, dated April 1, 1941, which applied to Tract No. 15863, and, further agreed that such certificate should be transferred to applicant.

The individual proposed service areas will be discussed as follows:

Territory 1.

This territory includes all of Tracts Nos. 14464, 14568, and 15704 which comprise 409 consumers at the present time. The potential number of consumers is 457 when development has been completed. The location of these tracts is more particularly

shown on Exhibit D attached to the application, and is described as located at the southwest corner of Imperial Highway and Woodruff Avenue, south of Downey.

Water is obtained from a 16-inch diameter well (No. 28), 508 feet deep, to which is connected a 50 hp motor-driven pump with a capacity of 800 gallons per minute, discharging into a 10,000-gallon pressure tank and from there, into 4-inch, 6-inch, and 8-inch cast iron distribution mains. A Commission staff report, Exhibit 4, indicates the costs of the pumping plant and distribution system as \$10,825 and \$31,105, respectively, which costs are exclusive of overheads.

Interconnection is to be provided to the north to applicant's System No. 8 and to the southeast to Tract No. 14826 where a new well is being drilled.

Territory No. 2.

This territory includes all of Tracts Nos. 13109, 15803, and 16145 which comprise 226 present consumers, including four commercial accounts. The number of consumers may increase to 425 when development has been completed. The location of these tracts is more particularly shown on Exhibit D filed with the application, but may be generally described as lying south of Imperial Avenue, west of Bellflower Boulevard, and south of Downey.

Water is obtained from company well No. 40-A which is 16 inches in diameter, 433 feet deep, connected to a 60 hp motor-driven pump of 1,000 gallons per minute capacity and discharges through a 10,000-gallon pressure tank into the distribution mains. The cost of installation, as shown in Exhibit 4, is \$10,543 for the pumping plant, and \$23,982 for the distribution system, each exclusive of overheads.

Interconnection will be provided through a 6-inch main to three wells to the southeast, and through 8-inch mains to five or six wells to the north and northwest in territory previously certificated to applicant.

Territory No. 3.

This territory includes Tract No. 15863 which comprises 154 houses under construction, none being occupied at the present time. Its location is more particularly shown on Exhibit D filed with the application, but may be generally described as lying at the northeast corner of Bellflower Avenue and Washington Avenue. It is this area which lies within part of the area certificated to Peerless Land and Water Co. by the Commission's Decision No. 34063, dated April 1, 1941, hereinbefore discussed. As already noted, the protest of Peerless Land and Water Co. was withdrawn at the hearing in its entirety, and both protestant and applicant agreed that the area should be certificated to applicant.

Water is obtained from company well No. 40-B which is 16 inches in diameter, 1,052 feet deep, with a pumping plant capacity of 1,500 gallons per minute. A 100-hp motor-driven pump discharges through the 12,500-gallon pressure tank which discharges into a 4-inch, 6-inch, and 8-inch cast iron distribution mains. Exhibit No. 4 indicates that the cost of installation of the pumping plant was \$11,770, and the cost of the distribution system, \$10,594, each exclusive of overheads.

Territory No. 4.

This territory includes Tracts Nos. 13303 and 15419 which comprise 29 or 30 present consumers. This number may increase to 81 consumers when development now under construction is completed. Its location is more particularly shown on Exhibit E filed with the application, but may be generally described as lying along the south side of Florence Avenue, just west of Lakewood Boulevard.

Water is obtained from company well No. 42 which is 12 inches in diameter, 470 feet deep, with a pumping plant capacity of 650 gallons per minute. A 40 hp motor-driven pump discharges through a 10,000-gallon pressure tank which discharges into the distribution mains. Exhibit 4 indicates that the cost of installation of the pumping plant was \$7,087, and the cost of the distribution system, \$7,987, each exclusive of overheads.

No general system interconnection of this area is contemplated. It is proposed, however, to extend the system to adjacent property on the east side of Lakewood Boulevard where a number of other tracts are being developed. Applicant's witness stated that it was later planned to connect to the north and east to applicant's system No. 2 which was certificated at the time of incorporation. There are no standby facilities for territory No. 4 at this time and no commercial customers.

Downey County Water District supplies water farther to the west, near Downey, but Mr. Wheeler stated that the subdivider of these tracts was unable to secure water there and requested applicant to furnish such service. The Downey County Water District, although notified, made no appearance at the hearing in this proceeding.

Territory No. 5.

This territory includes Tracts Nos. 14280, 15906, Record of Survey 1509, and Tract 14543 which comprise 31 present consumers. This number may increase to approximately 102 consumers when development now under construction is completed.

Its location is more particularly shown on Exhibit F filed with the application, but may be generally described as lying at the southeast corner of Norwalk Road and Curtis and King Road, southeast of Downey.

Water is obtained from company well No. 41 which is 16 inches in diameter, 527 feet deep, with a pumping plant capacity of 950 gallons per minute. A 50 hp motor-driven pump discharges through a 12,500-gallon pressure tank into the distribution system. Exhibit 4 indicates that the cost of the pumping plant was \$10,967, and the cost of the distribution system was \$9,917, each exclusive of overheads.

No system interconnection is proposed for this area.

Territory No. 6.

This territory includes Tracts Nos. 15145, 15584, and 15585 which comprise 169 present consumers. This number may increase to approximately 300 consumers when development now under construction is completed. Its location is shown more particularly on Exhibit C filed with the application, but may be generally described as lying at the northeast corner of Firestone Boulevard and Shoemaker Avenue, southeast of Norwalk.

Water is obtained from company well No. 45 which is 12 inches in diameter, 680 feet deep, with a pumping plant capacity of 500 gallons per minute. A 25 hp motor-driven pump discharges through a 10,000-gallon pressure tank into the distribution mains. Exhibit No. 4 indicates that the cost of installation of the pumping plant was \$6,077, and the cost of the distribution system, \$14,633, each exclusive of overheads.

Interconnection is proposed to a larger service area of applicant, lying about one-half mile to the west and south, which is supplied from seven wells.

Mountain Properties, Incorporated serves an area to the east of Territory 6, but the tract owner was unable to obtain water from said company and applied to applicant for such service. The record shows that a notice of the hearing in this proceeding was sent to Mountain Properties, Incorporated, but no appearance was made.

Territory No. 7.

This territory includes Tracts Nos. 15409, 15495, and 15496, together with 10 acres sold by metes and bounds, known as Redfield Subdivision. There are only four consumers now being served, but many homes are under construction and it is estimated the number of consumers may increase to 148 when construction is completed. There are no commercial establishments in this territory. Its location is shown more particularly on Exhibit H filed with the application, but may be generally described as lying south of Imperial Boulevard between Studebaker and Gridley Roads, southeast of Downey.

Water is obtained from company well No. 46-A which is 16 inches in diameter, 514 feet deep, with a pumping plant capacity of 1,100 gallons per minute. A 75 hp motor-driven pump discharges through a 12,500-gallon pressure tank into the distribution mains. Exhibit 4 indicates that the cost of installation of the pumping plant was \$12,265 and the cost of the distribution system, \$10,499, each exclusive of overheads. Mr. Wheeler stated that the wells and pumps have excess capacity for the immediate needs but that two tracts to the west are being supplied for construction and others to the east and north are prospective.

Interconnection is planned with Territory No. 8.

Junior Water Co., Inc., granted a certificate of public convenience and necessity by the Commission's Decision No. 44038, in Application No. 30883, dated April 11, 1950, is serving water in an area approximately three-eighths of a mile south of this territory, east of Studebaker Road and north of Rosecrans Avenue. Mr. Wheeler stated that he had testified at the hearing in Application No. 30883 regarding the plans of Park Water Company to develop this territory. Junior Water Co., Inc. was notified but made no appearance at the hearing on the application being considered herein.

Territory No. 8.

This territory includes Tracts Nos. 15841, 14731, 13882, and 14175 which comprise 302 consumers at the present time. This number may increase to 426 consumers when construction and development are completed. The territory includes commercial property, a church, a women's club, an American Legion hall, and 10 acres of projected mercantile establishments. Its location is more particularly shown on Exhibit H filed with the application, and is generally described as lying along Pioneer Boulevard south of Firestone Boulevard, in the southwesterly vicinity of Norwalk.

Water is obtained from company well No. 46-B which is 16 inches in diameter, 674 feet deep, with a pumping plant capacity of 1,100 gallons per minute. A 75 hp motor-driven pump discharges through a 12,500-gallon pressure tank into the distribution system. Exhibit No. 4 indicates that the cost of the pumping plant was \$13,084, and the cost of the distribution system was \$43,168, each exclusive of overheads.

Interconnection is planned, as hereinbefore discussed, with territory No. 7, to the northwest.

Norwalk County District No. 2 serves water to the northeast, but, although sent a notice of the hearing in this proceeding, made no appearance.

Territory No. 9.

This territory, lying entirely within the City of Compton, includes Tracts Nos. 13798, 15261, 15981, 16108, and 14170 which comprise 617 present consumers. This number may increase to approximately 1,198 consumers when development now under construction is completed. The project under construction includes a mercantile area at the northeast corner of Tract No. 15981 and the northwest corner of Tract No. 15261 which adjoin each other at that point.

The location of the territory is more particularly shown on Exhibit I filed with the application, and is generally described as lying south of Compton Boulevard, west of Central Avenue, to Olive Street, south of Olive Street east and west of Central Avenue to 168th Street. The record shows that each tract, when annexed by the City of Compton, had been covered by an informal agreement with Park Water Company that the latter should serve water therein.

Water is obtained from company wells Nos. 31-A and 31-B which are 16 inches and 12 inches in diameter, and 626 feet and 630 feet deep, respectively, with pumping plant capacities of 600 gallons per minute each. Two 50 hp motor-driven pumps discharge through 10,000-gallon and 12,500-gallon pressure tanks into the 4-, 6-, and 8-inch cast iron distribution mains. Exhibit No. 4 indicates that the cost of installation of pumping plant 31-A was \$11,524 and pumping plant 31-B, \$8,224, and the cost of the distribution system, \$88,699, each exclusive of overheads. Interconnection is planned to a 12-inch main supplied by three large wells which are located in an area to the north, previously certificated to applicant.

The Commission has considered the request for a certificate of public convenience and necessity and is of the opinion that it should be granted, 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.

The action taken herein shall not be construed to be a finding of the value of the property of Park Water Company.

After review of the evidence of record, including the ability of the systems to serve additional customers, the rates ordered herein, which are applicant's presently filed rates uniformly in effect throughout its various water systems, are considered to be just and reasonable and will be authorized.

O R D E R

The above-entitled application having been considered, and a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the operation of public utility water systems by Park Water Company in Territories 1 to 9, inclusive, in the areas more particularly delineated upon the maps marked Exhibit D, E, F, G, H, and I filed with the application in this proceeding, therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Park Water Company to operate public utility water systems for the distribution and sale of water within the territories hereinbefore described.

IT IS HEREBY FURTHER ORDERED that Territory No. 3, being all of Tract No. 15863, more particularly described as follows: Beginning at the northeast corner of Maplewood Avenue and Bellflower Boulevard; thence north on Bellflower Boulevard to Rosecrans Avenue; thence east on Rosecrans Avenue 1,760 feet; thence south to the intersection of Maplewood Avenue and Zastrow Avenue; thence west on Maplewood Avenue to the point of beginning, lying within a portion of the area heretofore certificated to Peerless Land and Water Co., a corporation, by this Commission in its Decision No. 34063, dated

April 1, 1941, be and it is hereby withdrawn and excluded from the certificated area of said Peerless Land and Water Co.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. Apply its presently filed flat and meter rates to Territories 1 to 9, inclusive, to be effective on and after July 1, 1950. It shall apply its rules and regulation thereto, and shall file tariff service maps acceptable to this Commission and in accordance with the requirements of General Order No. 96.
2. File within thirty (30) 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 included in this certification.

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

Dated at Los Angeles, California, this 13th day of June, 1950.

[Signature]
JUSTUS F. CROCKER
[Signature]
Harold P. Huls
[Signature]
 Commissioners.