

Decision No. 45362

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
Lakewood Water and Power Company
for a Certificate that Public
Convenience and Necessity requires
the extension of its water system.

Application No. 31918

Sanner, Fleming and Irwin, by John Amos Fleming,
for applicant; Dewey L. Strickler, Deputy City
Attorney, for Water Department, City of Long Beach,
protestant as to a portion of Exhibit A and all
Exhibit B of the application; and C. F. Culver,
attorney, Downey County Water District, protestant
as to Exhibit C of the application.

O P I N I O N

Lakewood Water & Power Company, a corporation, by the above-entitled application filed November 20, 1950, requests a certificate of public convenience and necessity for the extension of its water system throughout three separate areas in unincorporated territory in Los Angeles County. The territories are shown on Exhibits A, B, and C attached to the application and are more particularly described in paragraph III, subparagraphs (1), (2), and (3) of the application. The application was further amended at the hearing by a request that this Commission issue its order preliminary to a certificate under Section 50 (c) of the Public Utilities Act authorizing applicant to exercise franchise rights to be obtained from Los Angeles County. Exhibit 17 is a copy of an application to the Board of Supervisors of Los Angeles County for such franchise.

Public hearings in this matter were held before Examiner Warner in Los Angeles, California, on January 24, and 25, 1951.

Lakewood Water and Power Company furnishes domestic water service to some 15,000 consumers on the lands formerly known as the Montana Ranch located in the southeasterly portion of Los Angeles County, just northeast of the northerly limits of the city of Long Beach, California.

The area has been extensively subdivided over the last two years by Lakewood Park Company, of which applicant is a wholly-owned subsidiary. It is estimated that within a year or two more the population of the area will increase from its present total of approximately 42,000 to between 65,000 and 75,000.

Several very large department stores, markets, and other commercial establishments are under construction in or are planned for the area. It was the opinion of a witness for applicant that the area may be declared a Defense Area due to its proximity to the Douglas Aircraft factory and other defense installations. Should this declaration be effected, the witness stated, it would mean that applicant would probably receive priorities for acquisition of pipe and other water system equipment.

Applicant's water system now comprises 11 wells, all located within its present service area, with total capacity of 10,050 gallons per minute, large overhead storage tanks with total capacity of 1,852,500 gallons, and extensive distribution mains. Water is obtained from the so-called central basin of the San Gabriel River at pumping levels of between 90 and 100 feet, from wells varying in depth of from 500 to 1,100 feet. The water supply is tested at regular intervals for potability and chemical content. Water pressures of about 65 lbs. per square inch are maintained throughout the system.

Applicant's present rates which it proposes to establish in each of the three proposed areas provide for a monthly minimum charge of \$1.25 per meter per month for a 5/8 x 3/4-inch meter, with

minimum charges ranging upward to \$12 per meter per month for a 4-inch meter. The monthly quantity charges are \$1.25 per meter per month for the first 600 cu. ft. or less of water usage, with the next 1,400 cu. ft. at 17 cents per 100 cu. ft., the next 8,000 cu. ft. at 15 cents per 100 cu. ft., the next 25,000 cu. ft. at 12 cents per 100 cu. ft., and all over 35,000 cu. ft. at 10 cents per 100 cu. ft. The above rates became effective September 1, 1950, and were established by the Commission's Decision No. 44618, dated August 1, 1950, in Application No. 31129.

As shown on Exhibit A attached to the application, and as more particularly described in subparagraph (1) of paragraph III thereof, applicant proposes to extend its present system to the east, but immediately adjacent thereto, and substantially to the west, also immediately adjacent to its present service area. Both of the proposed easterly and westerly extensions are within the boundaries of the Montana Ranch properties and of the California cooperative Tract. The combined easterly and westerly areas will comprise some 1,450 acres of flat land upon which a total of approximately 6,500 dwellings will be constructed. A small portion of the proposed westerly area in the most southwesterly extremity thereof, and westerly of the Long Beach Municipal Airport and the Douglas Aircraft factory, may be suitable for industrial purposes.

The record shows that applicant proposes to furnish water service from presently installed facilities to the so-called easterly area. No protest was entered against the granting of the application to serve this area. Applicant's present water supply and facilities appear to be adequate to serve this area and granting of applicant's request with respect to the easterly portion will be provided by the order herein.

In the so-called westerly area applicant proposes to drill three wells, of at least 1,000-gallon per minute capacity each, to

construct a 1½ million-gallon elevated storage tank, and to install a system of distribution mains.

A protest was entered by the Water Department of the City of Long Beach against the granting of the application to serve the aforementioned industrial area in the southwestern corner of this westerly portion. This protest was based upon the fact that the city limits of Long Beach extend to the south boundary of the industrial area, and upon the fact that the City is now furnishing water service to two or three consumers adjacent to the area on the west thereof. The record shows that the extent of future industrial development is not yet known, and further that an agreement without controversy may be reached between applicant and the City regarding industrial service to the area. Since granting of applicant's request for a certificate to serve the area would not preclude the City's serving the area, and further, since applicant's plans for its proposed water supply and facilities for the westerly portion appear to be adequate to serve the area, the granting of applicant's request as it pertains to the so-called westerly portion will be provided by the order herein.

The area shown in Exhibit B of the application and more particularly described in subparagraph (2) of paragraph III, lying between Spring Street on the north, Stearns Street on the south, Palo Verde Avenue on the west, and Studebaker Road on the east, comprises approximately 320 acres. It will include Tract No. 16887 in which 599 homes are now under construction, and Tracts Nos. 17177 and 17176 in which a total of 840 homes will be constructed in sequence following completion of construction in Tract No. 16887. The subdivider of these tracts testified at the hearing in favor of applicant's request. He stated that he desired to effect applicant's water service to the tracts in accordance with applicant's filed Rule and Regulation No. 19B. This regulation provides for the refund

of consumers' advances for construction over a 10-year period of 35% of the gross revenues collected from the consumers occupying the property upon which construction has been made.

Tracts Nos. 16867, 17177, and 17176 lie about 1/2 mile due south, but outside the confines, of the Montana Ranch.

A witness for the applicant stated that because of an agreement between the Lakewood Park Company and the City of Long Beach, executed several years ago, water cannot be transported outside the Montana Ranch boundaries. This witness further testified that this restriction would make it necessary for applicant to drill a new well in order to provide an adequate water supply to serve the proposed area. Applicant also proposes to acquire a well located on Spring Street within the proposed area known as the Bovendaerde well. This well has a capacity of 2,700 to 3,000 gallons per minute and is now used for irrigation. As shown by certificates filed as Exhibit No. 4, this well has been tested for potability and has been found to be satisfactory for domestic use. The record shows that applicant proposes to drill a third well if the other two wells prove not to be adequate.

The granting of a certificate to applicant to serve this area was vigorously protested by the City of Long Beach. The City, among other things, contended that the drilling of the two wells, as proposed by applicant, would deplete the underground water storage now available to the City of Long Beach. As shown on the map filed at the hearing as Exhibit No. 7, the City of Long Beach owns and operates several wells lying along Carson Street, which is about 1½ miles due north of the area being considered herein. A witness for the City testified that two additional wells will be drilled by the City along Carson Street. The area in question lies completely outside of the city limits of Long Beach, and the City augments its local water supply sources from wells with water

obtained from the Metropolitan Water District; about 45% of the City's supply is thus obtained. Considerable testimony was submitted at the hearing regarding a master expansion plan for the Long Beach Water Department, and the City based its objection also upon the fact that it needed additional consumers in order to support the master plan.

The City's rates applicable to areas outside the City of Long Beach are shown in Exhibit 14. They provide for monthly minimum charges of \$3 per meter per month for a 5/8-inch service, and range upward to \$120 per meter per month for a 16-inch service. The monthly quantity rates are 24 cents per 100 cu. ft. per meter per month for the first 500 cu. ft., with the next 4,500 cu. ft. at 20 cents per 100 cu. ft., the next 10,000 cu. ft. at 16 cents per 100 cu. ft., the next 20,000 cu. ft. at 13 cents per 100 cu. ft., the next 165,000 cu. ft. at 11 cents per 100 cu. ft., the next 2,800,000 cu. ft. at 9 cents per 100 cu. ft., the next 1,000,000 cu. ft. at 8 cents per 100 cu. ft., the next 6,000,000 cu. ft. at 7 cents per 100 cu. ft., and all over 10,000,000 cu. ft. at 6 cents per 100 cu. ft. The rates provide for a service connection charge of \$20 for a 3/4-inch service, \$30 for a 1-inch service and higher charges for larger sized services. These service connection charges are not refundable. The City charges consumers 90 cents per foot for extensions to property fronting on mains, plus the above-noted connection charge for meters. The City absorbs all costs in excess of 90 cents per foot. The rates charged by the City of Long Beach for domestic service are higher than applicant's, both inside and outside the city limits. >

After carefully considering all aspects of the City's protest, we conclude that the public interest will best be served by the granting of applicant's request for a certificate to serve *all* the area south of Spring Street, viz, Tracts Nos. 16887, 17177, and 17176, and the order herein will so provide.

The area shown in Exhibit C attached to the application, and further described in subparagraph (3) of paragraph III thereof lies just northeast of Downey. It is bounded on the southwest by Lubec Street, by Tweedy Road on the east, by Bangle Road on the north, and by the Rio Hondo River on the west. This area, comprising some 260 acres of land, is now devoted principally to an orange grove. The upper portion has been subdivided as Tract No. 17169, which will comprise 40 acres and will include 237 units. The subdivider of Tract No. 17169 testified as a witness for applicant. He stated that he had requested applicant to furnish water service to the tract. Another witness for applicant stated that such service would be furnished in accordance with applicant's filed Rule and Regulation No. 19, hereinbefore outlined. A witness for the applicant testified that a so-called Tweedy well southwesterly of Tract No. 17169 now produces about 2,500 gallons per minute and applicant will drill a well in the northerly portion of the area requested to be certificated.

The granting of a certificate to serve this area was protested by the Downey County Water District on the ground that it was ready, willing, and able to furnish water service to any subdivision development in the vicinity by an extension of its present facilities located along Tweedy Road. Downey County Water District rates provide for the first 1,250 cu. ft. of water usage at \$1.25 per meter per month, with the next 1,750 cu. ft. at 10 cents per 100 cu. ft. and all over 3,000 cu. ft. at 5 cents per 100 cu. ft. These rates apply to consumers within the water district boundaries.

For those consumers outside the water district boundaries the rate is \$1.25 for the first 600 cu. ft. of water usage per meter per month, with the next 2,400 cu. ft. at 17½ cents per 100 cu. ft. and all over 3,000 cu. ft. at 7 cents per 100 cu. ft. The area covered by Exhibit C of the application, except for a very small portion along Tweedy Road, lies outside the water district boundaries.

Proposed
The accepted development of the subdivision as planned, embracing the location of streets and the water mains therein, makes it necessary that applicant be permitted to install water mains in a portion of the overlapping area lying within the district boundaries to avoid costly relocation and obstacles to construction. It is recognized that the granting of a certificate to applicant will not preclude the Downey County Water District from offering its water services within the area wherever they may be requested. It appears that applicant's proposed plans for obtaining water supply and installing facilities in the so-called Downey area are adequate and that it is in the public interest to grant applicant's request for a certificate and the order herein will so provide.

The estimated cost of all installations covered by the application for a certificate to serve the three separate areas described herein amounts to in excess of \$1,710,000. A separate application to the Commission for the issuance of securities to cover certain of these estimated costs was filed on December 19, 1950, as Application No. 31991. This application was granted by Decision No. 45299, dated January 30, 1951.

The Commission has considered the request for a certificate of public convenience and necessity to serve the three separate areas described herein 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 herein described.

With respect to applicant's request that it be granted an order preliminary to the issue of a certificate under Section 50 (c) of the Public Utilities Act pending the granting to applicant of a franchise by the County of Los Angeles, application to the County having been made on January 29, 1951, for such franchise, this request appears to be in the public interest and the order herein will so provide.

O R D E R

The above-entitled application having been considered, public hearings 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 a public utility water system by the Lakewood Water & Power Company in the areas delineated on the maps attached to the application as Exhibits A, B, and C; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Lakewood Water & Power Company to operate a public utility water system for the production, distribution, and sale of water within the territories hereinbefore described.

Upon the filing of a supplemental application, to which shall be attached a certified copy of such franchise as may be granted to applicant by the County of Los Angeles in the pending application therefor, the Commission hereby declares that it will issue a supplemental order herein authorizing applicant to exercise the rights and privileges of such contemplated franchise in the

territory hereinbefore described, subject to such terms and conditions as may be specified in such supplemental order.

IT IS HEREBY FURTHER ORDERED that applicant shall:

- (1) File, publish, and place in effect its presently filed rates to be effective on and after March 10, 1951, together with rules and regulations and tariff service area maps as may be acceptable to this Commission and in accordance with the requirements of General Order No. 96.
- (2) File within forty (40) days after the effective date of this order four copies of a comprehensive map drawn to an indicated scale of not less than 600 feet to the inch delineating by appropriate markings the various tracts of land or territories served and the location of the various properties of applicant.

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

Dated at San Francisco, California, this 13th day of February, 1951.

A. E. Dreyfus
Justice J. Calver
Harold P. Hule
Therese E. Tatter
John E. McMill
Commissioners.