



area in the vicinity of Hansen Station, north of Stanton, Orange County. The areas sought to be certificated are delineated on the maps attached to the application and on maps filed at the hearing as Exhibit No. 1, for Lakewood, and Exhibits Nos. 17, 19 and 22 for Ideal.

Public hearings on a consolidated record in these matters were held before Examiner Warner on February 13 and 14, 1952, in Los Angeles.

The City of Long Beach Water Department<sup>3/</sup> protested the granting of Lakewood's application with respect to Tracts Nos. 17695, 17702, 17701, 17742, 17700 and all additional area applied for lying south of Spring Street. The City's protest was based on its allegations that by its charter it is authorized to serve areas outside the city limits of Long Beach, and is in fact doing so in other areas in the vicinity; that it produces between 40% and 60% of its entire system demands from wells located on land owned by it in the vicinity of the proposed area; that drouth conditions have resulted in the lowering of water pumping levels under the proposed area creating a hazard of possible salt-water intrusion and that the further development of wells in the area as proposed by applicant Lakewood, would increase such hazard; that the City has recently purchased land and drilled three additional wells in the area to supplement its sources of water supply; that applicant Lakewood is prohibited by the terms of an agreement in connection with the sale of Montana Land Company properties in 1931, from exporting water outside the boundaries of said properties; that the City is a full member of the Metropolitan Water District and has ample supplies of water

<sup>3/</sup> Hereinafter referred to as the City.

therefrom, not only for its present demands but for the demands of applicant Lakewood's proposed area; that the City has recently completed at the cost in excess of \$1,000,000 a water treatment plant located in the area; that no especial public interest would be served by permitting a regulated privately owned public utility to serve the area as contrasted to the City's doing so; that the City's rates are fair and acceptable; that certain areas of the proposed area are in process of annexation to the City of Long Beach; that one subdivider mentioned by applicant Lakewood as desiring the latter's service, Lloyd S. Whaley & Company, has followed in the past a policy of annexing all territory it develops to the City of Long Beach; and, finally, that because the City is ready, willing and able to serve the area, public convenience and necessity do not require the granting of the portion of the application against which the City protested.

Lakewood Water and Power Company now furnishes domestic water service to some 21,500 consumers throughout its authorized service area in and about the unincorporated territory of Los Angeles County, commonly known as Lakewood, just northeast of the northerly limits of the City of Long Beach. The territory has been and is being developed extremely rapidly and extensively and further development of the area is apparent due not only to its proximity to the Douglas Aircraft factory and other defense installations, but also to the establishment of the University of California at Long Beach within the area, and other planned developments. Applicant Lakewood's water system comprises a number of large capacity wells and reservoirs located on the lands formerly known as the Montana Ranch.<sup>4/</sup> It also comprises a well

<sup>4/</sup> By an agreement between the Lakewood Park Company, of which applicant Lakewood is a wholly owned subsidiary, and the City of Long Beach, executed several years ago, water cannot be transported outside the Montana Ranch boundaries.

located on Spring Street which furnishes water to Tracts Nos. 16887, 17177 and 17176, outside the confines of the former Montana Ranch. This well has a capacity of between 2,700 and 3,000 gallons per minute. It constitutes Lakewood's only source of water supply in service outside the Montana Ranch boundaries. About 1,400 homes are constructed or are under construction in this area which was certificated to Lakewood by the Commission's Decision No. 45362, dated February 13, 1951, in Application No. 31916. The granting of that certificate was vigorously protested by the City on substantially the same grounds that it was protested in the instant proceeding.

Lakewood proposes to extend its water system into Tracts Nos. 17700, 17701, 17702, 17742 and 17695, containing approximately 520, 510, 515, 1,340 and 826 or a total of 3,711 lots in an area of approximately 718 acres, and to commence installation of the water systems therein on or about April 1, 1952 and May 1, 1952, and thereafter according to a planned construction schedule. Letters from the subdividers, filed at the hearing as Exhibits Nos. 2, 3, 4, 5 and 6, requested such water service extensions. The location of these tracts, each adjacent and contiguous to the other and contiguous to applicant's presently certificated service area on the east thereof along the southeasterly diagonal boundary of the Montana Ranch lands, and immediately north of and contiguous to Tracts Nos. 16887, 17177 and 17176 hereinbefore referred to, along Spring Street, is more particularly delineated on the map, Exhibit No. 7. This exhibit also shows the proposed well site locations and proposed pipe-line installations. The source of water supply for Tracts Nos. 17700, et al, will be three wells with a combined estimated production capacity of in excess of 3,500 gallons per minute.

These wells are irrigation wells and are now in full use for that purpose, but they are located in the vicinity of domestic wells. Applicant's witness testified that the results of laboratory tests of water from the three wells could not be secured from Los Angeles County Health Department authorities prior to and for the hearing due to the impracticability of pumping the water on ground now under cultivation. However, this witness further testified that applicant would secure health certificates applicable to each well prior to distributing any water from said wells for domestic purposes.

Lakewood proposes to secure easements from subdividers for pipe-line installations prior to the dedication of any portions of the area as public streets.

The City presented considerable testimony through its general manager and through a consulting engineer purporting to show that the application herein applying to Tracts Nos. 17700, et al, and the area south of Spring Street, if granted, would deplete the San Gabriel Basin water supply available to the City. However, it appears from the record that the City itself would furnish water to residents of this area from the same source from which Lakewood plans to furnish it and that, therefore, the draft on the San Gabriel River Basin would, in any case, be increased. The City did not indicate that in order to make water available to the proposed areas outside the city limits it would increase its utilization of Metropolitan Water District water sources to supply the proposed additional area or even to supply areas now being furnished with water which it exports from the San Gabriel River Basin, thereby possibly relieving the draft on that basin.

There are no questions of water rights at issue before the Commission in this matter, and neither is the Commission the proper body to determine the water resources of the area, but the Commission will determine whether or not it is in the public interest to grant the certificate applied for.

The record shows that the quantity rates for water service by the City outside the city limits (except in the former Montana Land Company territory) are higher in all blocks than Lakewood's presently filed rates which the latter proposes to apply to the area requested. Further, it is evident that under privately owned water system operations, future water consumers would be provided with channels of regulation for the adjustment of complaints as to rates and service. These channels would not necessarily be provided to them as non-resident consumers on the City's water system, the rules and regulations for the operation of which are subject to resolutions by the Board of Water Commissioners, the City's water system's governing body.

The record shows that certain areas applied for are in process of being annexed to Long Beach. These areas are located north and south of Stearns Avenue, west of Palo Verde Avenue. The record further shows that no requests for water service have been received from any party in any other portion of the area applied for south of Spring Street.

After due consideration of the record, the Commission finds that public convenience and necessity require that a

certificate be granted to Lakewood to extend its water service into Tracts Nos. 17700, 17701, 17702, 17695 and 17742, and the order herein will so provide. Lakewood's application for a certificate of public convenience and necessity to extend its water system into that portion of the territory shown in blue on Exhibit No. 1, lying south of Spring Street will be denied without prejudice.

Lakewood also applied for a certificate of public convenience and necessity to construct and operate a public utility water system in approximately 400 acres of unsubdivided territory lying northeast of and immediately adjacent and contiguous to its present service area and lying west of the San Gabriel River, as shown in yellow on Exhibit No. 1. The record shows that a portion of this area is owned by Union Development Company which owns and operates applicant Ideal Petroleum Company. Further, the record shows that Lakewood has received no request to provide service in the above 400 acre area, has no firm plans for constructing or operating a water system therein, and there is no showing of public convenience and necessity in the record for Lakewood to serve this area. Therefore, Lakewood's request applicable thereto will be denied without prejudice, and the order herein will so provide. Further, Lakewood will be restricted from extending its water system into this area without further order of the Commission.

Ideal Petroleum Company, wholly owned by Union Development Company, is a California corporation. It was granted a certificate of public convenience and necessity to operate a public utility water system in Tract No. 10317, Los Angeles County, located south of 14th Street and west of Woodruff Avenue in the vicinity of Bellflower, by the Commission's Decision No. 34586.

dated September 16, 1941, in Application No. 24234. Ideal is now applying for a certificate to serve three separate areas; two in Los Angeles County and one in Orange County. Consideration of this application is discussed as follows:

Area I

Ideal's present service area and proposed extensions thereto are shown on the map attached to Application No. 33046 as Exhibit "A", and the water system installations therein are shown on Exhibit No. 17. Four wells with a combined output of 180 miner's inches of water serve some 23 consumers. The proposed area in which domestic water service is presently being furnished, comprises about 220 acres and is devoted to truck farming and dairying.

With respect to this portion of Ideal's application, the record justifies issuance to Ideal of a certificate of public convenience and necessity to construct and operate a water system on those lands owned by Union Development Company lying south of 14th Street and west of Palo Verde Avenue and into Parcel 6, lying east of Palo Verde Avenue, as shown on Exhibit No. 17, and the order herein will so provide. The order will further provide, however, that Ideal will be restricted from extending its water system into contiguous areas without further order of the Commission. As to other parcels owned by Union Development Company shown on Exhibit No. 17, the record does not disclose any public convenience and necessity requirement therefor for public utility domestic water service; it appearing that such other parcels are in agricultural, non-utility use, and that portion of Ideal's application for a certificate to extend its water system into such parcels will be denied without prejudice.



Area II

This area, comprising 70 acres which have been subdivided into 102 lots, is located at the northeast corner of Artesia and Downey Avenues, in the vicinity of Bellflower, as shown on the map attached to Application No. 33046, as Exhibit "A". Ideal has been furnishing water service in this area for four years to some 92 domestic and commercial consumers. Water is purchased from Clearwater-Hynes County Water District through a master meter connection therewith at Downey Avenue and Florence Avenue. A standby well capable of producing 40 miner's inches of water is not in serviceable condition. Applicant should make it serviceable in order to assure water users of an adequate supply of water at all times. The pipe-line installations therein are shown on Exhibit No. 19.

A flat rate of \$1.50 per month is being charged in this area. Applicant intends to install meters, which have been ordered, on all services. Ideal's presently filed meter rates which became effective September 30, 1941, include a monthly minimum charge of \$1.50 per month per meter which entitles the consumer to the first 800 cubic feet of water usage, or less, with the next 4,200 cubic feet at \$.15 per 100 cubic feet of water usage per meter per month, and all over 5,000 cubic feet at \$.10 per 100 cubic feet of water usage per meter per month.

The order herein will provide for the granting of Ideal's request for a certificate to service Area II as applied for.

Area III

This area, comprising 18 acres of unincorporated territory located near Hansen Station and northwest of Stanton, is known as Tract No. 1098, Orange County, as shown on the map Exhibit "B" attached to Application No. 33046. It is subdivided into 112 lots

and as of February 14, 1952, domestic water service was being furnished to 34 consumers. The source of water supply is two wells producing 40 miner's inches and 25 miner's inches of water, respectively. The latter well is used as a standby for emergency, only. The water system installations are delineated on the map filed as Exhibit No. 22. A flat rate of \$2 per month is being charged. This is not according to Ideal's presently filed flat rates, and in view of the lack of any evidence supporting a different rate schedule, the order herein will provide that applicant Ideal shall place in effect in Area III no rates different from and only those rates authorized by its presently filed schedules.

The record shows that easements have been secured for all utility operations in this area, and the source of water supply has been tested periodically by Orange County Health Department authorities and has been found to be potable.

The order herein will provide for the granting of Ideal's request for a certificate to serve Area III as applied for, except for the provision with respect to rates to be charged, as noted hereinabove.

Applicant Ideal's witness, E. T. Ibbetson, Secretary, testified that Ideal's books of account were commingled with those of Union Development Company. This constitutes serious non-observance of the Uniform Classification of Accounts for Water Corporations, prescribed by this Commission. However, this witness testified that he would take immediate steps to set up, and that he would in the future keep Ideal's books in accordance with the Commission's prescribed classification of accounts.

The Commission has considered the requests of Lakewood Water and Power Company and Ideal Petroleum Company, each for a certificate of public convenience and necessity to extend its water system and is of the opinion that they should be granted in part 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.

O R D E R

Applications for a certificate of public convenience and necessity to extend water service having been filed by Lakewood Water and Power Company and Ideal Petroleum Company, each a public utility water corporation under the jurisdiction of this Commission, the matters having been consolidated for hearing, public hearings having been held, the matters having been submitted, and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require the construction and operation of a public utility water system by Lakewood Water and Power Company, a corporation, in Tracts Nos. 17700, 17701, 17702, 17742 and 17695, Los Angeles County, as delineated on the map Exhibit No. 7, and the construction and operation of a public utility water system by Ideal Petroleum Company, a corporation, in the unincorporated area comprising about 220 acres south of 14th Street, west of Palo Verde Avenue and in Parcel 6, lying east of Palo Verde Avenue,

near Bellflower, Los Angeles County, as delineated on the map Exhibit No. 17, representing a portion of the so-called Area I discussed in the foregoing opinion, and in the unincorporated area comprising 70 acres and subdivided into 102 lots, located at the northeast corner of Artesia Avenue and Downey Avenue, near Bellflower, as delineated on the map Exhibit No. 19, representing the so-called Area II discussed in the foregoing opinion, and in the unincorporated area comprising 18 acres known as Tract No. 1096, Orange County, subdivided into 112 lots, as delineated on the map Exhibit No. 22, representing the so-called Area III discussed in the foregoing opinion; therefore,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be, and it is, granted to Lakewood Water and Power Company to construct and operate a public utility water system in Tracts Nos. 17700, 17701, 17702, 17742 and 17695, Los Angeles County, as delineated on the map Exhibit No. 7.
2. That the application of Lakewood Water and Power Company to extend its water system into that portion of the territory shown in blue on Exhibit No. 1, lying south of Spring Street, be denied without prejudice.
3. That the application of Lakewood Water and Power Company for a certificate of public convenience and necessity to extend its water system into approximately 400 acres of unsubdivided territory lying northeast of and immediately adjacent and contiguous to its present service area and lying west of the San Gabriel River, as shown in yellow on Exhibit No. 1, be, and it is, denied without prejudice.
4. That Lakewood Water and Power Company shall not extend its water system into the area described in paragraph 3 above of this order without further order of this Commission.

5. That a certificate of public convenience and necessity be, and it is, granted to Ideal Petroleum Company to construct and operate a public utility water system in the unincorporated area comprising about 220 acres south of 14th Street, west of Palo Verde Avenue, and in Parcel 6, lying east of Palo Verde Avenue, near Bellflower, Los Angeles County, as delineated on the map Exhibit No. 17, representing a portion of the so-called Area I discussed in the foregoing opinion, and in the unincorporated area comprising 70 acres and subdivided into 102 lots located at the northeast corner of Artesia Avenue and Downey Avenue, near Bellflower, Los Angeles County, as delineated on the map Exhibit No. 19, representing the so-called Area II discussed in the foregoing opinion, and in the unincorporated area comprising 18 acres known as Tract No. 1098, Orange County, subdivided into 112 lots, as delineated on the map Exhibit No. 22, representing the so-called Area III discussed in the foregoing opinion.
6. That the application of Ideal Petroleum Company for a certificate of public convenience and necessity to extend its water system into the three separate areas in unincorporated territory east of Palo Verde Avenue and north and south of 14th Street, near Bellflower, Los Angeles County, as delineated on the map Exhibit No. 17, be, and it is, denied without prejudice.
7. That Ideal Petroleum Company shall effect no extension of its water system outside the area described in paragraph 5 of this order applying to Area I without further order of this Commission.
8. That applicants Lakewood Water and Power Company and Ideal Petroleum Company shall file, publish, and place in effect their presently filed rates in the areas described in paragraphs 1 and 5 of this order, respectively, to be effective on and after April 21, 1952, 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.
9. That with respect to Ideal's so-called Area III which comprises Tract No. 1098, Orange County, no rates for water service different from, and only those rates authorized by this order shall be placed in effect therein.

10. That applicants Lakewood and Ideal shall 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 properties served and the location of the various properties of applicants.

11. That Ideal Petroleum Company shall take immediate steps to separate its books of accounts from those of Union Development Company and to set up and keep Ideal's books in accordance with the Commission's prescribed classification of accounts.

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

Dated at San Francisco, California, this 25<sup>th</sup> day of March, 1952.

A. F. Anderson  
President.  
Justin J. Cooney  
Harold P. Hild  
John L. Mitchell  
Commissioners.