

ORIGINAL

Decision No. 47433

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of  
SAN GABRIEL VALLEY WATER SERVICE, a  
corporation, to purchase, and  
G. P. WILKERSON to sell a certain  
public utility water system situated  
in the County of Los Angeles, State  
of California,

and of  
SAN GABRIEL VALLEY WATER SERVICE to  
purchase and R. H. NICHOLSON to sell  
a certain water system situated in  
the County of Los Angeles, State of  
California

and of  
SAN GABRIEL VALLEY WATER SERVICE to  
issue, sell and deliver \$50,000  
principal amount of its First  
Mortgage 5% Bonds, and to issue and  
deliver 780 shares of its capital  
stock in payment for said properties  
and for additions and betterments to  
its existing properties

and of  
SAN GABRIEL VALLEY WATER SERVICE for  
a Certificate of Public Convenience  
and Necessity to supply water.

Application No. 21471

Lewis M. Andrews, attorney, for Hemlock Mutual Water Company; Faries and McDowell, attorneys, by McIntyre Faries, and J. E. Dutton, attorney, for San Gabriel Valley Water Company; Gay G. Ganes, president, for Lambert Mutual Water Company, John Miller, secretary, for Rurban Homes Mutual Water Company, and Belle Heiman, secretary, for Wood Mutual Water Company, interested parties; James F. Wilson, for the Commission staff.

OPINION ON REOPENED PROCEEDING

By its order dated April 22, 1952, and on the petition of Hemlock Mutual Water Company<sup>(1)</sup> filed March 20, 1952, the Commission opened the above-entitled proceeding for further hearing for the purpose of determining whether a certificate of public convenience and necessity in territory served by Hemlock or any other mutual

(1) Hereinafter referred to as Hemlock.

water company, public utility, governmental agency, district, association, corporation, or person, granted by Decision No. 30348, dated November 22, 1937, in this application, should be further altered, amended, or revoked in any particular.

A public hearing in the reopened proceeding was held before Examiner Warner on June 18, 1952, in Los Angeles.

ALLEGATIONS BY HEMLOCK

In its petition Hemlock alleged that it had never received notice of the hearings on November 3 and 4, 1937, in this application. By Decision No. 30348, the Commission granted San Gabriel Valley Water Service Company, (2) a predecessor of San Gabriel Valley Water Company, (2) a certificate of public convenience and necessity in the territory shown in red on the map attached to the application as Exhibit "D". Such territory shown in red included the territory in which Hemlock then furnished, and now furnishes water service. Hemlock alleged that because of not having received notice, it was given no opportunity to appear and enter a protest, or to submit evidence in those hearings to show that a portion of the area for which a certificate was requested at that time was being served by it.

In paragraph 9 of its petition, Hemlock alleged that had the Commission known the facts at the hearings in November, 1937, it would not have granted a certificate to San Gabriel covering Hemlock's service area, which action was contrary to the announced policy of the Commission.

Hemlock further alleged that it has been faithfully and adequately serving its 200 stockholders and 134 consumers with water at reasonable rates, and that its territory is completely served with water at sufficient pressure and volume. Its present service area is shown on the map attached to the petition for rehearing as Exhibit "B". (2) Hereinafter referred to as San Gabriel.

Hemlock alleged that San Gabriel installed a 6-inch main along Hemlock Street in the center of Hemlock's service area in April, 1951, and, upon becoming alarmed at the possibility of encroachment, it filed its petition for rehearing.

RELIEF SOUGHT BY HEMLOCK

Hemlock asked the Commission to modify Decision No. 30348, insofar as said decision granted a certificate to San Gabriel, to exclude therefrom all of Hemlock's present service area.

Hemlock also asked the Commission to enjoin San Gabriel from selling and delivering water directly to any consumer within Hemlock's service area unless requested so to do by resolution duly passed and approved by Hemlock's Board of Directors.

EVIDENCE ADDUCED AT THE HEARING

HEMLOCK'S SHOWING

Hemlock is a mutual water company not operated for profit, organized March 1, 1935, furnishing and delivering water to its stockholders. A copy of its Articles of Incorporation was attached to its petition as Exhibit "A". It is not under the jurisdiction of this Commission.

Hemlock introduced as Exhibit No. 1 a map of its present service area. Said service area is located in unincorporated territory in Los Angeles County, northeast of El Monte. The evidence shows that Hemlock, by its bylaws adopted April 19, 1935, declared its own service area to include a portion of Lot 22, E. J. Baldwin subdivision, Tract No. 10823, and all of Lot 9, Coffin & Armstrong Tract, including Tract No. 10927, all north of Hemlock Street, as shown on Exhibit No. 1. By an amendment to its bylaws on October 13, 1937, it declared its own service area also to include all of Lot 4, Coffin & Armstrong Tract, including Tract No. 10834, all lying immediately adjacent to its original service area and south of Hemlock Street. An area originally declared to be part of its service area lying south of the portion of

Lot 22 designated on Exhibit No. 1, and that portion of Lot 4, Coffin & Armstrong Tract, lying at the southeast corner of Peck Road and Hemlock Street, and lying outside the blue lines shown on Exhibit No. 1, was relinquished by Hemlock by amendment to its bylaws dated October 9, 1951.

Hemlock introduced evidence to the effect that it has always had and does now have ample water supply, and adequate water service facilities to serve its stockholders and consumers. It has been furnishing water service continuously since 1935, and all lots in its service area, except one, are built upon. One fire hydrant is installed in the extreme east portion of the service area. As of February 20, 1952, Hemlock's total assets were \$10,805.55, which were represented by capital investment of \$200, depreciation reserve of \$5,893.90, and surplus of \$4,711.65. For the year ending February 29, 1952, its total receipts were \$4,586.75, expenses were \$4,059.23, and operating profit was \$527.52. There have been no service complaints.

Hemlock's president, and secretary, each, testified that the mutual company had no desire to expand its service area, and had no intention of so doing.

Hemlock did not adduce any violations or questions of law, except the afore-mentioned lack of receipt of notice of the original hearings.

#### SAN GABRIEL'S SHOWING

San Gabriel's witness testified that it now furnishes water service to approximately 10,000 consumers in its Central El Monte system, and that, serving such system, it has three large pumping plants, two of 4,000 gallons per minute capacity, each, and one of 8,000 gallons per minute capacity, all located in the area lying between the San Gabriel River and the Rio Hondo River. It plans the installation of another 4,000 gallon-per-minute capacity plant to

serve the Central El Monte system area. Hemlock's service area is located within San Gabriel's Central El Monte system area.

A pumping plant located at La Madera and Ranchito is the main source of water supply for San Gabriel's consumers located in the areas north and south of Hemlock's service area. A 4-inch pipe line in Hammill Road, and a 6-inch pipe line in La Madera Avenue, traverse Hemlock's area north and south, and an additional 6-inch pipe line is proposed to be installed which will also traverse Hemlock's service area north and south, on Peck Road. The installations on Hammill Road and La Madera Avenue were made in 1936 and 1938, respectively, and the 6-inch pipe line installed on Hemlock Street in 1951 is a connecting pipe line to increase operating pressure in the vicinity of Peck Road and Hemlock Street, and to connect San Gabriel's service areas lying north and south of Hemlock's service area. The pipe line installations and sizes and dates in the vicinity of Hemlock's service area are shown on the map filed at the hearing as Exhibit No. 2.

San Gabriel's witness testified that several other mutual water companies are included in the service area covered by the certificate granted by Decision No. 30348; viz., Wood Mutual Water Company, Lambert Mutual Water Company, Hallwood Mutual Water Company, Purity Mutual Water Company, Rurban Homes Mutual, and Champion Mutual Water Company. There has been no conflict between the service areas of the mutual water companies and San Gabriel. San Gabriel has not encroached upon or invaded any of the service areas of either these mutuals or Hemlock. San Gabriel's witness testified that it did not solicit consumers in mutual territories, and did not intend to.

At the request of the Los Angeles County Board of Supervisors, and at the suggestion of the County Fire Department, San Gabriel installed four fire hydrants on its mains along Hemlock

Street between Peck Road and La Madera Avenue. It receives monthly rental of \$1.50 for each fire hydrant from Los Angeles County. The existence of the hydrants is fire protection for the surrounding territory, which includes Hemlock's service area. San Gabriel's witness stated that, since Hemlock's source of water supply comprises two wells together with 20 hp- and 15 hp-pump installations, such source of water supply would not provide Hemlock with sufficient residual operating pressure for operation of fire hydrants within Hemlock's service area.

San Gabriel's filed rates include a minimum charge of \$1.20 per meter per month for a 5/8-inch meter, and quantity rates of \$1.20 per meter per month for the first 800 cubic feet of water usage, with the next 1,400 cubic feet at \$0.09 per 100 cubic feet, the next 2,800 cubic feet at \$0.08 per 100 cubic feet, and all over 5,000 cubic feet at \$0.07 per 100 cubic feet.

#### CONCLUSIONS

From a review of the record it appears that no damage has been done, nor is alleged to have been done, to mutual water companies located within San Gabriel's service area, as delineated in Decision No. 30348.

Hemlock and San Gabriel have existed side by side for more than 15 years without any incident.

At the request of the Los Angeles County Fire Department, San Gabriel has installed fire hydrants for the use of which San Gabriel is receiving revenue. These fire hydrants provide fire protection throughout the area, and to cause their removal, by eliminating the area in which they are located from San Gabriel's service area, would not be in the public interest.

It appears that no action is contemplated by either Hemlock or San Gabriel which would disturb the status quo, and no good cause

exists, or was shown to exist for altering, amending or revoking in any particular Decision No. 30348 insofar as it relates to the granting of a certificate of public convenience and necessity to San Gabriel Valley Water Service in territory served by Hemlock Mutual Water Company.

Therefore, Hemlock's petition that Decision No. 30348 be modified to exclude Hemlock's service area from the area covered by the certificate of public convenience and necessity granted to San Gabriel by said decision, and that San Gabriel be enjoined from selling and delivering water directly to any consumer in the service area of Hemlock unless requested so to do by resolution duly passed by Hemlock's Board of Directors, will be denied by the order which follows. Such denial shall not be taken to preclude Hemlock from seeking relief at any time in the future should proper occasion arise.

O R D E R

A petition of Hemlock Mutual Water Company to reopen this application for further hearing having been filed, the Commission having issued its order for a further hearing, a further hearing having been held, the matter having been submitted and now being ready for decision.

IT IS HEREBY ORDERED that the petition of Hemlock Mutual Water Company for modification of Decision No. 30348 be and it is denied.

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

Dated at San Francisco, California, this 8<sup>th</sup> day of July, 1952.

R. J. [Signature] President.  
Justice J. [Signature]  
Harold [Signature]  
Kenneth [Signature]  
Commissioners.

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.