

ORIGINAL

Decision No. 49169

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LA MIRADA WATER CO., a California)
 corporation, for a Certificate of)
 Public Convenience and Necessity)
 to serve domestic water in the)
 Buena Park area, and to Issue and)
 Sell Stock.)

Application No. 34580

Eric C. Pepys, attorney, and Camille A. Garnier, president, for applicant.
James F. Wilson and Richard R. Entwistle,
for the Commission staff.

O P I N I O N

La Mirada Water Company, a corporation, by the above-entitled application filed July 22, 1953, seeks a certificate of public convenience and necessity to construct and operate a public utility water system in an area in unincorporated territory, Los Angeles County, known as a portion of the old McNally Ranch, northwest of Buena Park, Orange County. The establishment of rates and authority to issue stock for the purchase of certain water system facilities are also sought. The area requested to be certificated was slightly amended from the map, Exhibit "B", and description of the area, Exhibit "C", attached to the application by the filing at the hearing of a map, Exhibit 1, and a description of the area, Exhibit 1-A.

A public hearing in this matter was held before Examiner Warner on September 3, 1953, at Los Angeles. There were no protests to the granting of the application.

General Information

La Mirada Water Company filed its Articles of Incorporation with the Secretary of State on April 16, 1953. According to such articles the first directors of the corporation are T. Autry Mayes, Buena Park, Robert M. Himrod, Los Angeles, and John Moore Robinson, Newport Beach. Applicant is authorized to issue one class of common stock and two classes of preferred stock. The latter are designated as Class A and Class B, respectively. The total number of shares of stock which may be issued is 700,000, divided into 100,000 shares of common stock without par value and 600,000 shares of preferred stock of the par value of \$50 each.

Area Proposed to be Served

The area proposed to be served comprises approximately 2,200 acres and portions have already been subdivided into Tract No. 15930 comprising 529 lots (Exhibit 2), Tract No. 18976 comprising 530 lots (Exhibit 3), Tract No. 17193 comprising 114 lots and Tract No. 16457 comprising 38 lots (Exhibit 4). Certain commercial and industrial properties are also being developed along Firestone Boulevard (U.S. Highway 101 Alternate) in the extreme southerly portion of the proposed area.

Tracts Nos. 15930 and 18976

As of the date of the hearing construction had been started on 200 homes in Tract No. 15930 and construction of additional homes in said tract and in Tract No. 18976, which is adjacent thereto on the south, is scheduled at the rate of 300 homes in October, 400 homes in November, and additional homes until a total of 1,172 homes in the two tracts have been constructed.

Applicant proposes to furnish water service to Tracts Nos. 15930 and 18976 from a well 16 inches in diameter and 1,000 feet deep which is located on Lot 476, Tract No. 15930, and which

applicant proposes to purchase from La Mirada Investment Company, the subdividers of the area. The present pumping plant installation in said well has a production capacity of 1,200 gallons per minute. This may be increased to 1,800 gallons per minute by installing a larger pump. Applicant also proposes to purchase a concrete reservoir located 1,500 feet north of Tract No. 15930. Said reservoir has a storage capacity of 1,300,000 gallons. A 10-inch pipeline from the well to the reservoir will also be purchased from La Mirada Investment Company, the owner of the reservoir.

Water service is now being furnished to the Santa Fe Railroad station employees, and water from the well proposed to be acquired by applicant has been used for domestic purposes for many years past. The water has recently been tested for potability and has been found to be of good quality.

Tracts Nos. 17193 and 16457

These two tracts are located north of the Santa Fe Railroad and Stage Road and will be served from a well to be leased from John Moore and S. I. Robinson, individuals, doing business as La Mirada Water Company, located on Lot 6, Tract No. 16457. This well is 12 inches in diameter, 250 feet deep, and its present pumping plant installation has a production capacity of 350 gallons per minute.

By Decision No. 47102, dated May 5, 1952, in Application No. 33075, the area covered by these tracts was included in a certificate granted to T. A. and M. G. Mayes, individuals, doing business as La Mirada Water Company. By Decision No. 48553, dated April 28, 1953, in Application No. 34075, authority was granted to Mayes to sell, and to John Moore and S. I. Robinson, husband and wife, to purchase, the water system. At the hearing in the instant proceeding John Moore Robinson testified that he was willing that

the area covered by Tracts Nos. 16457 and 17193 formerly certificated to him doing business as La Mirada Water Company, be certificated to applicant herein.

Water Service to Proposed Area of 2,200 Acres

Applicant requests certification of the proposed area of 2,200 acres in order to make master plans for the design of water production transmission, storage and distribution facilities. The record shows that La Mirada Investment Company plans to develop the entire area as rapidly as possible.

All construction work and major repair work will be contracted for by applicant. Master billing, accounting and emergency service will be performed and rendered by Garnier Utility Service Company. Applicant also proposes to acquire wells, of which there are three others in the territory now being used for irrigation purposes, if, as, and when necessary to provide adequate water supplies to the area when it is fully developed. If necessary additional wells will be drilled.

From a review of the record, it appears that the sources of water supply and the transmission, storage and distribution facilities installed and proposed to be installed or acquired, are adequate to serve the area presently under development and as proposed to be developed.

Financing

Applicant seeks authority to issue and sell for cash 3,500 shares of its no par common stock for \$50 a share, or a total of \$175,000, to purchase the water system facilities listed on Exhibit "D" attached to the application and to provide it with operating capital of \$25,476. Said operating capital will also be used to lease and purchase water system facilities to serve Tracts Nos. 16457 and 17193. The record shows that distribution

pipelines, in the amount of \$159,890, to serve Tracts Nos. 15930 and 18976 will be installed under contract and funds for the installation thereof will be provided by consumers' advances for construction. Applicant later proposes to apply to the Commission for authority to issue preferred stock for such advances.

Rates

The rates for water service which applicant proposes to charge are shown in Exhibit "E" attached to the application. The order which follows will authorize that they be filed as applied for except that the monthly quantity rates will be \$2.50 for the first 800 cubic feet or less instead of 500 cubic feet or less as proposed. The rate for the next 1,200 cubic feet, instead of 1,500 cubic feet, of water usage will be \$0.20 per 100 cubic feet.

Conclusion

The Commission has considered this application 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.

O R D E R

The above-entitled application having been filed, 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 require that La Mirada Water Company, a corporation, be granted a certificate of public convenience and necessity to construct and operate a public utility water system in the area delineated by the broken red line on the map, Exhibit No. 1, filed at the hearing except the area crosshatched in green thereon; therefore,

IT IS HEREBY ORDERED as follows:

1. That La Mirada Water Company, a corporation be and it is granted a certificate of public convenience and necessity to construct and operate a public utility water system in the area described hereinabove.
2. That applicant be, and it is, authorized to file in quadruplicate with this Commission, after the effective date of this order, in conformity with the Commission's General Order No. 96, a schedule of rates shown in Exhibit A attached hereto, together with rules and regulations and four copies of a tariff service area map, and on not less than five days' notice to the Commission and the public, to make such rates effective for services rendered on and after November 1, 1953.
3. That applicant shall file within forty 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 and territory served, and the location of various properties of applicant.
4. That applicant be, and it is, authorized to issue and sell 3,500 shares of its no par common stock for cash for the sum of \$50 a share for the purposes indicated in the opinion preceding this order, the Commission being of the opinion that the money, property or labor to be procured or paid for by the issuance of said stock is reasonably required by applicant for the purposes herein stated and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.
5. That La Mirada Water Company shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order in so far as applicable is made a part of this order.

6. That the authority herein granted shall expire if not exercised on or before September 1, 1954.

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

Dated at Santa Ana, California, this 29th day of September, 1953.

A. Z. [Signature]
 President

Arthur J. [Signature]

[Signature]

[Signature]

Commissioners

Commissioner Harold P. Huls being necessarily absent, did not participate in the disposition of this proceeding.

EXHIBIT A
 Page 1 of 2 *2.7.27*

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Throughout the authorized service area comprising approximately 2,200 acres in unincorporated territory, Los Angeles County, about 1 mile north-west of the town of Buena Park, Orange County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 800 cu.ft. or less	\$ 2.50
Next 1,200 cu.ft., per 100 cu.ft.20
Next 2,000 cu.ft., per 100 cu.ft.18
Over 4,000 cu.ft., per 100 cu.ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 2.50
For 3/4-inch meter	3.00
For 1-inch meter	3.75
For 1 1/2-inch meter	5.00
For 2-inch meter	7.50
For 4-inch meter	50.00
For 6-inch meter	100.00

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