

**ORIGINAL**Decision No. 50251

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SAN GABRIEL VALLEY WATER COMPANY for )  
 a certificate of public convenience )  
 and necessity in the Puente area in )  
 Los Angeles County, including the )  
 area formerly served by Kwis Mutual )  
 Water Company. →

Application No. 35093

Gibson, Dunn and Crutcher, by Max Eddy Utt, attorney,  
 and John E. Skelton, for applicant.  
C. L. Gardner, for Suburban Water Systems, protestant.  
O'Melveney and Myers, by Everett Clary, attorney, for  
 Whittier Extension Mutual Water Company, protestant.  
Charles Drake, for the Commission staff.

O P I N I O N

Applicant San Gabriel Valley Water Company filed its application on January 25, 1954 for a certificate of public convenience and necessity to operate a public utility water system in the territory generally located south of San Jose Creek, north of Puente Hills, east of Turnbull Canyon Road and west of Hacienda Boulevard, and more particularly shown on the map marked Exhibit A and attached to the application on file herein. Included within the proposed service area is the territory formerly served by Kwis Mutual Water Company and in addition thereto Lots 1, 2, 8 and 9 of Tract No. 3193. All of the proposed service area is within the County of Los Angeles.

A public hearing was held before Examiner W. E. Cline at Los Angeles on March 25, 1954, at which time the matter was taken under submission. At the hearing applicant was granted permission to submit as a part of the record an historical cost appraisal of the system, as late filed Exhibit No. 9, with the understanding that such exhibit need not be considered in the issuance of this decision upon applicant's request for certification.

Description of System

Applicant acquired the water system to serve the proposed certificated area from the Kwis Mutual Water Company.

Four wells are located on a one-acre parcel of land situated at the northwest corner of the proposed certificated area, two of which are presently in use. Since acquiring the system applicant has swabbed and sand-pumped one of the two wells and has improved its production greatly. Applicant now has a production of 1,700 gallons per minute, which witness Moseley, vice president and general manager of applicant, believes is sufficient to supply as many as 1,500 consumers. There are at present 236 domestic metered services and five or six irrigation consumers. The tests made by the County Health Department show that the water is pure and satisfactory. Sand has been eliminated from the well water but the hardness tests show 600 parts per million. Applicant should take whatever measures are necessary to remedy this condition of hardness in the water.

Approximately 4,000 feet of 12-inch line and 3,000 feet of 10-inch line connect the wells to a 170,000-gallon concrete reservoir located at the southwest corner of the area served. The elevation of the reservoir is such that adequate pressure is available to all services. There are about 35,000 feet of water mains in the system. About 90 per cent of the mains are 4-inch and larger. Some 58 per cent of the mains are cast iron and transite and the balance are steel, cement lined. All are in good condition.

Proposed Improvements

At the present time the superintendent turns the pumps on and off. Applicant proposes to convert to automatic pumping as soon as possible. Certain mains have been extended without properly being tied into the source of supply. Applicant intends to make

tie-ins where advisable. When growth warrants, an additional storage tank will be installed. The importation of water from applicant's El Monte system is under consideration.

The system will be operated from applicant's El Monte offices but a local office in a residence will be maintained in the Kwis area for the collection of bills and the receipt of service orders. The equipment pool and construction and operation employees are based at El Monte.

Need for Service

The record clearly shows that public convenience and necessity require that applicant be granted a certificate to operate its water system in the proposed service area south of Gale Avenue. Lots 8 and 9 within the proposed service area and just north of Gale Avenue have already been included in the certificated area of Suburban Water Systems by Decision No. 49703 in Applications No. 34947 and No. 34880. The record herein will not support the inclusion of said Lots 8 and 9 in applicant's certificated area.

The present owner of Lot 7 north of Gale Avenue, also known as proposed Tract No. 15239, is a stockholder of the Kwis Mutual Water Company. Both Ed Krist, who purchased the tract from Dr. Nye, and Ed Krist Hopi Homes have requested water service from Suburban Water Systems. Witness Leiva, the executive director of the Ed Krist Hopi Homes, testified that Ed Krist and his organization felt inasmuch as Suburban Water Systems had already laid pipe along the southerly boundary of Tract 15239 in order to serve Tract 17609 which is another Krist subdivision, that Suburban Water Systems is in a position to render service to Tract 15239 in an efficient and economical manner. Although Suburban Water Systems is using a temporary source of water to supply Tract No. 17609, witness Garnier, the president of Suburban Water Systems, testified

that three other sources of water which can be used to service both Tracts No. 15239 and No. 17609 will be developed and utilized by the time the contract under which the temporary supply is now being made available has expired.

Witness Leiva on cross-examination testified that Ed Krist Hopi Homes would take service from whichever utility might be authorized to serve the tract. The record in this application, however, will not support a finding that public convenience and necessity require that proposed Tract No. 15239 be included in applicant's certificated area since the record shows the subdivider is seeking service from Suburban Water Systems which is presently certificated to serve areas on both sides of Tract No. 15239.

The Kwis Water System had consumers within the proposed service area along Angel Crest Drive. Applicant's wells are located within Lot 1 north of the railroad tracks, and the Kwis System had and applicant has a customer within said Lot 1 of many years' standing although he is not a stockholder of the Kwis Mutual Water Company. Lot 2 is contiguous to Lot 1 but there is no evidence of any demand for service in said Lot 2. The record shows that both Lots 1 and 2 are an agricultural area in which beans are being raised. Applicant will be authorized to serve Lot 1 and that portion of the proposed service area along Angels Crest Drive west of Lot 9, north of Gale Avenue and south of the railroad tracks. Lot 2 will not be included in applicant's certificated service area in the absence of a showing that service is or will be required.

The record shows that since 1914 the protestant Whittier Extension Mutual Water Company has been rendering domestic and irrigation service in the area immediately to the west of the area which is to be certificated to applicant in this proceeding. Approximately 2,500 acres of land are in the area served by said

protestant. There are 538 domestic consumers presently served by said protestant but its system is adequate to serve approximately 10,000 consumers. At the annual meeting of the shareholders on March 31 the shareholders were to consider a resolution of the board of directors recommending a plan of reorganization to change the Whittier Extension Mutual Water Company from a mutual water company to a public utility. If applicant herein is permitted to extend its service into the territory now served by said protestant, it will involve the duplicate construction of facilities. The order which follows will provide that applicant shall not make such extensions without first obtaining authority from this Commission.

Financial Responsibility

The financial reports submitted in evidence by applicant as Exhibits No. 7 and No. 8 and other parts of the record herein show that applicant has the requisite financial responsibility to support the granting of the certificate of public convenience and necessity by this Commission.

Franchise

Applicant has pending an application with the Board of Supervisors of Los Angeles County for a franchise covering the territory sought to be certificated. When the franchise is obtained applicant will seek from this Commission the necessary authority to exercise such rights as may be granted under the franchise.

Rates

At the hearing applicant amended its proposed rates to provide that the minimum charge of \$2.50 per month should apply to 1-inch and smaller meters. Other proposed monthly minimum charges range from \$7 for 1½-inch service to \$50 for 6-inch service. The proposed quantity rates are \$2.50 for the first 1,000 cubic feet and \$0.05 per 100 cubic feet for all water in excess of 1,000 cubic

feet. These proposed rates compare favorably with those charged by the other public utility operating in the vicinity of the proposed certificated area.

Applicant also proposed a minimum charge of \$5 for each irrigation run and a quantity charge of 2½ cents per miner's inch-hour for irrigation service. A special condition provided that the irrigation rate will be available only to those receiving such service on December 15, 1953. In the schedule of irrigation rates authorized herein this condition will be revised to provide that service under the schedule is limited to those premises actually receiving such service during the 1953 irrigation season.

Applicant has also proposed rates for construction and tank truck service, for public fire hydrant service, and for private fire protection service so as to have them available when the demands for such services are presented to applicant.

Witness Moseley testified that he believes applicant will be able to operate the system economically at the proposed rates.

The proposed rates are reasonable and will be authorized. Applicant will be authorized to file the schedules for general metered service and limited irrigation which are set forth in Appendix A as a part of its El Monte Division tariffs. The schedules for construction and tank service, for public fire hydrant service, and for private fire protection service already set forth in applicant's El Monte Division tariffs will be made applicable to water service in the area certificated by this order.

Whether applicant will be able to operate economically at the authorized rates will not be known until the system has actually been operated for a period of time. The burden of any losses which may result should not fall upon other consumers in the El Monte Division. Within 90 days after the first full year's operations

applicant will be required to submit to the Commission a results-of-operation study covering said first year of operations in the area to be certificated herein.

Conclusion

The Commission has considered the request of applicant for a certificate of public convenience and necessity to operate a public utility water system and is of the opinion that such certificate should be granted to applicant in the area applied for, excluding Lots 2, 7, 8 and 9 north of Gale Avenue, 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.

O R D E R

The above-entitled application having been considered, 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 a certificate of public convenience and necessity be granted to San Gabriel Valley Water Company to operate a public utility water system in the area described in the application on file herein and outlined in red on the map introduced into evidence as Exhibit No. 1, but excluding therefrom lots designated as numbers 2, 7, 8 and 9 all of which are located north of Gale Avenue. Said certificated area is located in Los Angeles County south of the unincorporated Town of Puente and was formerly served by Kwis Mutual Water Company.

1. IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to said San Gabriel Valley Water Company, a corporation, applicant herein, to operate a public utility water system for the distribution and sale of water within the territory hereinbefore described; provided, however, that the certificate of public convenience and necessity herein granted to said applicant shall be subject to the condition that applicant shall not without authority first having been obtained from this Commission make extensions into contiguous territory to the west of the area certificated to applicant in this proceeding, which contiguous territory at the time of the hearing herein was being served by the Whittier Extension Mutual Water Company.

2. IT IS HEREBY FURTHER ORDERED as follows:

- a. Applicant is authorized to refile within thirty days after the effective date of this order, in conformity with the provisions of General Order No. 96, its presently filed tariff schedules for the El Monte Division, including the tariff service area map and rules and regulations, to provide for the application of said tariff schedules to the extent not inconsistent with this decision and order to water service in the area certificated by this order. Schedules No. 6 and No. 7 attached hereto as Appendix A shall be incorporated in said refiled tariff for the El Monte Division.
- b. Applicant shall file with this Commission, within forty days after the effective date of this order, four copies of a comprehensive map drawn to an indicated scale not smaller than 600 feet to the inch, delineating by appropriate markings the various tracts of land and territory hereinabove certificated; the principal water production, storage and distribution facilities; and the location of the various properties of applicant therein.
- c. Applicant shall base accruals to depreciation by spreading the original cost or approved estimated historical cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property. Applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.



d. Within ninety days after the completion of the first year of operation in the area certificated herein, applicant shall submit to this Commission a results-of-operation study covering said first year of operations.

The authorization herein granted will expire if not exercised on or before December 31, 1954.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 6<sup>th</sup> day of July, 1954.

John E. Mitchell  
President  
Justus J. Collins  
Samuel P. Pott  
Verne Higgins

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Commissioners

APPENDIX A  
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## Schedule No. 6

GENERAL METERED SERVICEKWIS SERVICE AREAAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Within the area formerly served by Kwis Mutual Water Company, located south of the unincorporated Town of Puente, Los Angeles County, in which San Gabriel Valley Water Company is authorized to offer service.

RATES

	<u>Per Meter per Month</u>
Quantity Rates:	
First 1,000 cu.ft. or less .....	\$2.50
Over 1,000 cu.ft., per 100 cu.ft. ....	.05
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.50
For 3/4-inch meter .....	2.50
For 1-inch meter .....	2.50
For 1-1/2-inch meter .....	7.00
For 2-inch meter .....	10.00
For 3-inch meter .....	20.00
For 4-inch meter .....	30.00
For 6-inch meter .....	50.00

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

Schedule No. 7

LIMITED IRRIGATION SERVICE

KWIS SERVICE AREA

APPLICABILITY

Applicable to all water service furnished for agricultural irrigation purposes.

TERRITORY

Within the area formerly served by Kwis Mutual Water Company, located south of the unincorporated Town of Puente, Los Angeles County, in which San Gabriel Valley Water Company is authorized to offer service.

RATES

Quantity Rate:

Per miner's inch-hour, equivalent to  
540 gallons or 72 cubic feet ..... \$0.02½

Minimum Charge:

For each irrigation run ..... \$5.00

SPECIAL CONDITION

Service under this schedule is limited to those premises actually receiving such service during the 1953 irrigation season.