

ORIGINALDecision No. 53141

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PEERLESS LAND & WATER CO., a California)
 Corporation, of Bellflower, California,)
 for CERTIFICATE OF PUBLIC CONVENIENCE)
 AND NECESSITY to construct, operate and) Application No 37771
 maintain a water system in unincorporated City of Paramount, Los Angeles)
 County, under Section #1001 of the)
 Public Utilities Code.)

C. L. Zastrow, for applicant.
James G. Shields, for the Commission staff.

O P I N I O N

Peerless Land and Water Co., a corporation, has authority from this Commission to operate a public utility water company in several areas in the vicinity of the unincorporated community of Bellflower, in Los Angeles County.^{1/} It also has authority to operate as a public utility water company in a separate area in unincorporated territory west of Bellflower.^{2/} This latter area extends from Hayter Avenue on the west to Lakewood Boulevard on the east, and from a line 165 feet north of Jackson Street on the north to approximately the extension of Arkansas Street on the south. By the application herein filed on February 20, 1956, applicant seeks a certificate of public convenience and necessity authorizing

^{1/} Decision No. 34063, dated April 1, 1941, in Application No. 23798; Decision No. 49980, dated April 27, 1954, in Application No. 35036; Decision No. 50589, dated September 28, 1954, in Application No. 35449.

^{2/} Decision No. 34694, dated October 28, 1941, in Application No. 24294; Decision No. 49980, dated April 27, 1954, in Application No. 35036.

it to furnish domestic water to Tract No. 17130 which is contiguous to and immediately north of the described service area west of Bellflower, and to Tract No. 21956 and Tract No. 22649 which are contiguous to each other and are bounded by Hayter Avenue on the west and approximately Lakewood Boulevard on the east, and extend north from a line about 1,000 feet north of Tract No. 17130.

These two areas are shown on Exhibit "A" on the application herein.

A public hearing on the application was held in Los Angeles before Examiner Kent C. Rogers on April 4, 1956, evidence was presented and the matter was submitted. Prior to the hearing, notice thereof was published as required by this Commission.

General Information

Applicant now furnishes domestic water to a total of approximately 1,200 consumers in its various service areas referred to above. In the area between Hayter Avenue and Lakewood Boulevard and extending south from approximately Jackson Street, applicant furnishes water to about 323 domestic consumers from two wells having a present production of 593 gallons per minute located near the northeast and southeast corners, respectively, of the area. These wells are connected to pressure tanks. Applicant has no storage tanks in the area. All services in this area are unmetered.

For the calendar year 1955, applicant's records indicate that it made a net profit of \$3,325.67 from its operations.

The value of the utility plant on December 31, 1955, was allegedly \$128,211.27 (pages 5 and 6 of the application). The staff stated that the amount of utility plant was \$120,109.37 on December 31, 1955 (page 4 of Exhibit No. 5). The applicant's witness stated that the applicant's figures were prepared by its auditor and she could not explain the difference. The witness stated that the item "Advances for Construction" amounting to

\$86,797.76 and set forth on page 5 of the application includes the money advanced for construction in Tract No. 17130 (\$5,959) but does not include the sum of \$14,942 for construction in Tracts Nos. 21956 and 22649.

Tract No. 17130

This tract is immediately north of and contiguous to the above-referred-to authorized service area between Hayter Avenue and Lakewood Boulevard. There is a total of 33 completed houses on the 33 lots in this area which is bounded by Dunbar Street on the north, by a line 1,319.79 feet west of and parallel to Lakewood Boulevard on the west, by the northern boundary of the above-referred-to service area on the south, and by a line 670 feet west of and parallel to Lakewood Boulevard on the east. On April 13, 1955, applicant and the subdividers entered into an agreement whereby the applicant undertook to install a water system in the tract, and the subdividers agreed to grant necessary easements and rights of way and to deposit with the applicant the estimated cost of construction.^{3/} The cost of construction is to be refunded to the subdividers pursuant to applicant's subdivision main extension rule which provides for the refund of 22 per cent of the gross annual revenue from the sale of water in the tract over a period of not to exceed 20 years. Pursuant to this agreement the applicant caused to be installed 1,274 feet of 6-inch Transite pipe, 1,320 feet of 4-inch Transite pipe and 3/4-inch service connections at a total cost of \$5,959. No franchise is required as the pipes were installed prior to the construction of the streets pursuant to easements granted by the subdividers. All services will be subject to a flat rate, which amounts to \$2.00 per month for a

^{3/} Exhibit No. 6A.

3/4-inch connection and is the rate set forth in applicant's filed tariff. When the tract is fully occupied, refunds pursuant to the agreement between the applicant and the subdividers will amount to approximately \$172 per year. The tract is not yet fully occupied. Water will be secured from the applicant's two wells in its Lakewood Boulevard service area. In addition, applicant is acquiring a well with an estimated production of 780 gallons per minute in Tract No. 22649, referred to below, which well is to furnish water to Tract No. 17130 and to the existing service area west of Lakewood Boulevard through a transmission line in an easement along Hayter Avenue. This will give the certificated service area and the three new tracts discussed in this decision a total water supply of approximately 1,400 gallons per minute to serve a maximum total of approximately 427 homes.

Tract No. 21956 and Tract No. 22649

These tracts are contiguous to each other and approximately 1,000 feet north of Tract No. 17130. They contain a total of 71 residential lots on which homes will be completed within six months. The subdivider has granted the applicant an easement in the northeast portion of Tract No. 22649 and the northwest portion of Tract No. 21956 for a well and pressure tank. A well with an estimated production of 780 gallons per minute and a 4,000-gallon pressure tank have been constructed by the applicant's president on the property but as yet no pump has been installed. This well will be used in conjunction with the two wells along Lakewood Boulevard, referred to above, to supply the two tracts discussed herein. This well and pressure tank, costing \$6,000, are to be transferred to the applicant at cost. The applicant is required to secure authority from this Commission to incur an indebtedness for the cost of said well and pressure tank if, in fact, this obligation is not to be fully paid within one year from the incurring thereof. The applicant will secure an easement to

install a main along Hayter Avenue between the tracts here involved and Tract No. 17130 to permit the new well to be connected with applicant's two existing wells near Lakewood Boulevard. On February 9, 1956, applicant and the subdivider entered into an agreement whereby the applicant undertook to install a water system in the tracts and the subdivider agreed to grant the necessary easements for the pipe and for the well and pressure tank, and to deposit with the applicant the sum of \$14,942, of which \$9,942 was to cover the cost of pipeline, and \$5,000 was to cover the esimated cost of the extension between the tracts herein referred to and Tract No. 17130.^{4/} The cost of construction is to be refunded to the subdivider pursuant to applicant's subdivision main extension rule which provides for the refund of 22 per cent of the gross annual revenue from the sale of water in the tract over a period of not to exceed 20 years. Pursuant to the agreement the applicant will install 1,500 feet of 6-inch Transite pipe, 2,700 feet of 4-inch Transite pipe and 3/4-inch service connections at a total cost of \$14,942. This sum is payable prior to the commencement of construction. No franchise is required as the pipes will be installed pursuant to easements from the subdivider prior to the construction of the streets. All services will be subject to a flat rate, which is \$2.00 per month for a 3/4-inch connection and is the rate set forth in applicant's filed tariff. When the tract is fully occupied refunds pursuant to the agreement between the applicant and the subdivider will amount to approximately \$375 per year. Water will be secured from the well referred to above and, when applicant has secured an easement for a main between the two tracts and Tract No. 17130, from the two wells near Lakewood Boulevard.

^{4/} Exhibit No. 6B.

Report of the Hydraulic Section
of the Commission Staff

The staff's report (Exhibit No. 5), among other things, points out that:

- (1) Fire hydrant capital is not carried in a proper account.
- (2) Although applicant is billing all customers on a bimonthly basis and receives revenues for fire hydrant rental there is no provision in the company's presently filed tariff schedules for such bimonthly billing or hydrant rental charges. ✓

On the basis of its investigation of the applicant, the staff made several recommendations which would correct the indicated improper practices. These recommendations appear to be reasonable and the applicant will be required to comply with said recommendations as modified by the order herein. ✓

Findings

Upon the evidence of record herein the Commission is of the opinion and finds that public convenience and necessity require that the applicant construct and operate public utility water systems in unincorporated territories in Los Angeles County in the vicinity of the unincorporated areas of Paramount and Bellflower, which territories are shown in green on the map attached to the application as Exhibit "A". Such a certificate will be issued.

This certificate of public convenience and necessity is subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of the 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 Commission having found that public convenience and necessity require the construction by applicant of public utility water systems in Tract No. 17130, Tract No. 21956 and Tract No. 22649, each comprising unincorporated territory in the County of Los Angeles, California.

IT IS HEREBY ORDERED that:

(1) Peerless Land and Water Co., a corporation, be, and it hereby is, granted a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 17130, Tract No. 21956, and Tract No. 22649, portions of the County of Los Angeles, State of California, in the vicinity of the unincorporated community of Bellflower, and shown in green on the map, Exhibit "A", attached to the application.

(2) Peerless Land and Water Co. be, and it is, authorized to revise, within thirty days after the effective date of this order, its presently filed tariff schedules, including the preliminary statement and tariff service area map, in conformity with General Order No. 96, to provide for the application of said tariff schedules for water service in the areas being certificated by this order. Said revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

(3) Peerless Land and Water Co. shall revise, within thirty days after the effective date of this order, in accordance with the provisions of General Order No. 96, its presently filed tariff schedules to provide for bimonthly billing and fire hydrant service. Said revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

(4) Peerless Land and Water Co. shall refile, within thirty days after the effective date of this order, its presently filed main extension contract sample form to conform to its filed main extension rule. Said revised tariff sheet shall become effective upon five days' notice to the Commission and to the public after filing as hercinabove provided.

(5) Peerless Land and Water Co. shall file, within ninety days after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale not smaller than 800 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of all of its various water system properties.

(6) Peerless Land and Water Co. shall institute appropriate plant accounting procedures to transfer hydrant capital to the proper account in conformity with the Commission's Uniform System of Accounts for Water Utilities.

(7) The authorization herein granted shall expire if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 28th day of May, 1956.

President

Justin J. Calmes

Robert Ventresca

William J. ...

P. Hardy

Commissioners