

ORIGINAL

Decision No. 53480

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

PHILLIP NOLLMAN and )  
 GERTRUDE NOLLMAN, )  
 )  
 Complainants, )  
 )  
 vs. )  
 )  
 PARK WATER COMPANY, )  
 a corporation, )  
 )  
 Defendant. )

Case No. 5723

Alfred S. Gainsley, attorney, for complainants.  
Gibson, Dunn & Crutcher, attorneys, by  
Richard L. Wells, for defendant.  
Charles W. Drake, for the Commission staff.

O P I N I O N

Phillip Nollman and Gertrude Nollman, individuals, filed the above-entitled complaint on February 6, 1956, against Park Water Company, a corporation. Defendant answered said complaint on March 2, 1956.

A public hearing in this matter was held before Examiner Stewart C. Warner on June 27, 1956, at Los Angeles.

Allegations of Complainants

Complainants alleged that they are the owners of an undeveloped industrial tract comprising 16 acres in the City of South Gate. Said tract, which is an M-2 zone, has been tentatively subdivided into 15 lots of approximately one acre each. The tract is located near the southwest corner of Imperial Highway and Garfield Avenue as shown on the map, Exhibit No. 1 filed at the hearing.

Complainants alleged that their tract is adjacent to defendant's service area and is outside the certificated areas of the various public utility corporations serving the area. No water mains have been installed in the tract and no water service is being furnished thereto.

Complainants alleged that they had sought, by informal proceedings and through the offices of the Commission on informal complaint No. I.C. 30025-W, to have defendant extend its present water mains to furnish water to their property.

Complainants alleged that they were, and had been at all times, ready, willing, and able to comply with defendant's Rules and Regulations regarding main extensions but that defendant had refused to extend its present water main service upon a fair, reasonable and equitable basis, and had demanded that complainants donate the sum of \$25,000 as a condition precedent to furnishing the extension of water mains.

Complainants alleged that defendants present attitude and stand are in violation of defendant's Rules and Regulations for main extensions.

Relief Prayed For

Complainants request an order directing defendant to comply with its Rules and Regulations, and ordering defendant to prepare and give to complainants an estimated cost of installation of water mains from its nearest water main to the present 16-acre tract; said estimate to be on a reasonable basis.

Answer of Defendant

Defendant denied all allegations of the complaint and, as a further defense, alleged as follows:

- (1) That defendant had been approached by Phillip Nollman who requested water service to a large parcel of property located on the southerly side of Imperial Highway approximately 200 feet west of its intersection at Ruchti Drive. Nollman advised that his parcel was approximately 1,600 feet in depth, and that he intended to purchase the property and develop it as a manufacturing area.
- (2) That Nollman's property is located outside of defendant's certificated area, and is not presently contiguous to defendant's water facilities.
- (3) That defendant has an 8-inch water main which terminates at the intersection of Imperial Highway and Ruchti Drive which runs in an easterly and northerly direction from said intersection for about 2,500 feet to its source of supply. At Imperial Highway and Ruchti Drive said main connects with a 6-inch main of defendant which runs westerly along the north side of Imperial Highway to a point approximately 200 feet westerly of complainants' parcel. Said 6-inch main connects with a 4-inch main which continues westerly for some 450 feet terminating at the east bank of the Los Angeles River.
- (4) That complainants' parcel is located outside of both defendant's certificated area and service area, and that at no time had defendant offered to extend its water mains and furnish service either in accordance with its applicable Rules and Regulations, or otherwise.
- (5) That defendant did not wish to serve complainants' parcel under any conditions due to the high costs and expenditures that would be involved, and due to defendant's present financial condition which would not permit it to undertake any additional financial obligations for additional services.
- (6) That adequate water supply to complainants' parcel, if developed as a manufacturing area, would require at least an 8-inch main running to the southern line of the parcel. This would require the replacement of defendant's present 6-inch main along the north of Imperial Highway with an 8-inch main from Ruchti Drive westerly about 250-300 feet, and the installation of an 8-inch main running across Imperial Highway southerly 100 feet and through the parcel to its southern boundary. In addition to necessary service stubs or service pipe lines, fittings, gates and housing therefor, and fire hydrants requested by complainants or public authority, service to complainants' parcel as a manufacturing area would require extensive storage and pressure facilities, the drilling of a new well on the parcel or elsewhere, and extensive fire protection.

- (7) That complainants have never presented any specific plans for development of their parcel to enable defendant to ascertain the extent of said additional and necessary facilities; neither have complainants ever presented defendant with the specifications of such facilities.
- (8) That defendant is unable to estimate the cost of facilities or the cost of extending adequate water service to complainants' parcel.
- (9) That if defendant should be ordered to serve complainants' parcel, the cost of facilities should be included in the advance from complainants under defendant's Rule and Regulation No. 15.

Evidence of Record

As noted, Exhibit No. 1 is a tentative map of Tract No. 22486 in the City of South Gate, dated December 1955, showing the location of complainants' parcel and the tentative subdivision thereof into 15 lots.

The record shows that complainants purchased the property in December, 1955, after having conferred with defendant in August regarding the possibility of obtaining water service thereto, and after having been advised by defendant that the property was outside defendant's certificated area, and outside the certificated area of Southern California Water Company on the south, and after being advised that neither defendant nor Southern California Water Company could serve the property with their present facilities.

Exhibit No. 2 is a letter dated December 5, 1955, from the Commission to complainant setting forth the results of an investigation conducted by the Commission staff under I. C. 30025-W. This generally verified the allegations and the answer herein-  
above outlined except that it left open the question of whether or not defendant had offered to furnish water service if complainants donated \$25,000 to defendant for the water system installation estimated by defendant to be required to furnish adequate water service to complainants' property as a manufacturing area.

Exhibit No. 3 is a statement of defendant's financial condition as of April 30, 1956. This exhibit shows that defendant's 1955 Federal Income Tax in the amount of \$97,690.82 was due and unpaid; that its 1956 Federal Income Tax in the amount of \$27,221.25 was also due and unpaid; that cash on hand and in banks, and miscellaneous special deposits amounted to \$36,437.29, out of assets of \$5,594,969.49. Defendant's president testified that sinking fund payments and interest on its bonds were not shown on the financial statement but that they amounted to in excess of \$50,000, and were due and payable.

Exhibit No. 4 is a map showing in yellow, defendant's Service Area No. 22 in and about the City of South Gate; and in red, complainants' property. Said exhibit also shows the location of defendant's two wells which comprise its source of water supply for the area. The record shows that defendant's well No. 22-A has a presently installed pumping plant production capacity of 341 gallons per minute at a pressure of 36 pounds per square inch; and that its well No. 22-B has a presently installed pumping plant production capacity of 1,042 gallons per minute at a pressure of 41 pounds per square inch, for a total of 1,383 gallons per minute for the service area. This exhibit shows the location and sizes of defendant's presently installed pipe lines from its wells to the vicinity of complainants' property. The record shows, however, that defendant has a 6-inch line running southerly in Garfield Avenue from its connection with defendant's 8-inch line at the intersection of Imperial Highway and Ruchti Road.

Exhibits Nos. 5 and 6 are a map and an Estimate of Cost, respectively, for the installation of an 8-inch main from Ruchti Road and Imperial Highway westerly 350 feet, thence southerly 80 feet under Imperial Highway, thence 1,335 feet to the south boundary of complainants' property for a total of \$7,732.62.

Exhibits Nos. 7 and 8 are the Estimate of Cost of a new well and a diagram of a typical well installation, respectively, for a total of \$21,926.91. Said estimate includes the installation of a 100-horse-power pump with a 200-foot setting at a cost of \$5,285.71. Also included are the estimated cost of land, \$2,000; the drilling of a 580-foot well, \$7,783.40; a hydropneumatic pressure tank, \$2,100; and other items.

Exhibits Nos. 9 and 10 are the Estimated Cost of a 500,000- gallon storage tank, and a diagram thereof, respectively. Said estimate includes the cost of the tank at \$20,000; land, \$3,500; electrical equipment, \$3,090; and other items, for a total of \$45,874.85. Defendant's general manager testified that if the 8-inch line were installed from Ruchti Road and Imperial Highway it would be necessary to install the storage tank, and if the new well were drilled on complainants' property or elsewhere, the storage tank installation might or might not be necessary depending on complainants' requirements for industrial water service, including fire sprinkler and fire protection service.

Exhibits Nos. 11 and 12 are well tests conducted by Southern California Edison Company on April 25 and 26, 1956, on wells 22-B and 22-A, respectively.

Exhibit No. 13 is a copy of a letter to the Commission from defendant dated November 29, 1955, in I. C. 30025-W. Said letter states that defendant would be willing to furnish water service to

complainants provided that the estimated cost of \$25,000 for the water system installation and additional facilities were donated in aid of construction by complainant.

The record shows that defendant furnishes water service to 546 domestic, commercial and industrial consumers in its Service Area No. 22 in and about South Gate. Of this number, 410 are flat rate; the balance are metered. The potential of the present service area is approximately 100-150 additional consumers only, since said area is bounded on the west by the confluence of the Rio Hondo Channel and the Los Angeles River; on the east by Rancho Los Amigos, a Los Angeles County institution; and on the south by the service area of the Southern California Water Company. The record shows that although defendant reported in its Annual Report to the Commission for the year 1954, under Schedule E, that well No. 22-A had a capacity of 1,000 gallons per minute and well No. 22-B 3,000 gallons per minute, defendant now believes that the presently installed pumping plant in said wells is best suited to their estimated maximum productive capacity. Well No. 22-B was drilled in 1948 and a 100-horsepower electric motor-driven pump was installed therein six months later. The electric motor for said pump was replaced by a 75-horsepower motor due to the appearance of sand which began to fill up the perforations of the well's casing and which began to discharge into the pipelines. Well No. 22-A is an old well with a thin-skinned casing. This well, defendant believes, would be in danger of collapsing if it were pumped at a greater capacity than 400 gallons per minute.

Considerable evidence was submitted regarding the possible availability to defendant of additional water supplies from Central Basin Municipal Water District (a member of the Metropolitan Water District of Southern California). However, the record shows that the nearest facility of said Central Basin District, for which an application for a connection therewith has been made by defendant, is located at 135th Street and Avalon Boulevard about eight miles northwest of the Nollman tract. A possible connection may be applied for to the District, and may be effected within several months, at the intersection of Old River School Road and Stewart and Gray Road about 1½ miles northeast of the Nollman tract. None of these possible connections with the District's facilities will be used by defendant to implement its sources of water supply for its Service Area No. 22 in South Gate unless a very large industrial tract is developed just outside the northeastern boundary of said service area.

Conclusion

It appears that defendant's sources of water supply for its Service Area No. 22 in and in the vicinity of South Gate are adequate to serve only its present domestic, commercial and industrial consumers, and those additional consumers which may be anticipated within the present boundaries of said service area. It further appears that defendant's financial condition does not permit it to assume additional obligations which would require it to refund an advance by a subdivider for construction of the water system facilities in the amount disclosed by the record to be required for water service to the Nollman property as an industrial development, with fire sprinklers and fire protection also required.



Complainants' contentions that defendant offered to furnish water service under terms contrary to its Rules and Regulations upon the donation by complainants of \$25,000 to defendant for the cost of water service installations are unsound. The record clearly shows that the conversations regarding prospective water service were of an informal and preliminary nature prior to complainants' acquisition of the property; were not reduced to writing between complainants and defendant; and were not based on any reliable engineering estimate of complainants' water service requirements submitted to defendant by complainants.

The Commission finds that defendant's sources of water supply are adequate to serve only its present 546 and potential 100 to 150 additional consumers in its service area No. 22 and that to grant the relief prayed for in the complaint would jeopardize service to present and potential consumers in that area. Under these circumstances the limited water supply is controlling and it is not necessary to pass upon the other issues presented in the proceeding. The complaint will be dismissed.

O R D E R

Complaint as above entitled having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision based upon the evidence and findings,

IT IS HEREBY ORDERED that the complaint be and it is dismissed.

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

Dated at San Francisco, California, this 23rd day of July, 1956.

Robert E. Mitchell  
President  
James J. Cassius  
Paul W. Lutermer  
William D. Dode  
B. H. Hardy  
Commissioners