

**ORIGINAL**

Decision No. 53862

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
PACIFIC WATER CO., a California )	
corporation, under Section 1001 of )	
the Public Utilities Code, to )	Application No. 36592
extend its certificated areas in )	Amended
Orange County, California. )	

Moss, Lyon & Dunn, attorneys, by George C. Lyon,  
 for applicant;  
Arlyne Lansdale, attorney, for Dyke Water Company;  
O'Melveny & Myers, attorneys, by Lauren M. Wright  
 and Frederick N. Edwards, for Southern California  
 Water Company; Jack H. Croul, Lee T. Hollopeter,  
 secretary-treasurer and general manager, and  
John Amos Fleming, attorney, for Lakewood Water  
 and Power Company; Richard T. Hanna, for certain  
 property owners; and Harry A. Keithly, attorney,  
 for Anaheim Sugar Company; Aldrich R. Peck, an  
 individual; Aldrich R. Peck, Dorothy Thayer Peck  
 and Charles H. Thatcher, trustees; George F. Holden,  
 assistant county counsel, for Orange County and  
 Orange County Water Works Districts Nos. 3 and 5,  
 protestants;  
John K. Colwell, city attorney, for the City of  
 Santa Ana; and John E. Skelton, vice president and  
 attorney, for San Gabriel Valley Water Company,  
 interested parties;  
Cyril M. Saroyan, Charles W. Mors, Theodore Stein,  
 and Charles W. Drake, for the Commission staff.

O P I N I O N

Pacific Water Co.,<sup>1</sup> a corporation, by the above-entitled  
 application filed December 28, 1954, as amended September 16, 1955,  
 seeks a certificate of public convenience and necessity to extend  
 its water system in southwestern Orange County in the areas shaded  
 in red on the map, Exhibit A attached to the application, as modified

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<sup>1</sup> Hereinafter referred to as Pacific or applicant.

by the amendment filed September 16, 1955. The areas as amended comprise approximately 26 square miles and include portions of the areas covered by Applications Nos. 37042, 37097, 37161, 37172 and 37491 (infra), and a portion of District No. 5 (infra).

Hearings

Public hearings on this matter were held before Commissioner Justus F. Craemer and Examiner Stewart C. Warner on September 28, 29 and 30, 1955, and before Examiner Warner on October 18, 19, 20 and 21, November 14, 15, 16, 17 and 18, and December 5, 6, 7 and 8, 1955, at Santa Ana. The captioned matter was consolidated for hearing with Applications Nos. 37042, 37097, and 37161 of Dyke Water Company;<sup>2</sup> Case No. 5666 of Orange County<sup>3</sup> and Orange County Waterworks District No. 3<sup>4</sup> versus Dyke; Application No. 37167 of Park Lane Water Company and Southern California Water Company;<sup>5</sup> Application No. 37172 of Southern California Water Company;<sup>6</sup> and Application No. 37491<sup>7</sup> of Lakewood Water and Power Company.<sup>8</sup> Lakewood made its affirmative showing as to its application and its protest to the instant captioned application was heard. The consolidated matters were submitted on the last named hearing date. Lakewood's application was continued to a date to be set. The captioned matter is now ready for decision.

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2 Hereinafter referred to as Dyke.  
3 Hereinafter referred to as the County.  
4 Hereinafter referred to as District No. 3.  
5 Heretofore granted by Decision No. 52834, dated March 27, 1956.  
6 Hereinafter referred to as Southern California.  
7 Filed November 16, 1955.  
8 Hereinafter referred to as Lakewood.

The record contains 1,815 pages of transcript and 120 exhibits.

Protests

Dyke, Southern California, and Lakewood protested the portions of Pacific's application for a certificate which overlap their applications; a group of landowners protested the inclusion of their properties within any area sought to be certificated; a group of Dyke's consumers representing Mountain View Terrace Community Association filed a petition of 1,000 names protesting, and an individual consumer protested, against the recommendation testified to by the chairman of the County Board of Supervisors, which requested that the Commission require all public utility water companies operating in this portion of the County to install meters on all consumers' premises for conservation purposes; the County protested any portion of the application for a certificate within the boundaries of Districts Nos. 3 or 5.<sup>9</sup>

The rival applicants protested the application for a certificate on the grounds that they were themselves ready, willing, and able to serve larger areas than they were presently serving. Each protested the "checkerboard" public utility water system growth in this portion of the County which has resulted in the creation of numerous isolated or so-called "island" water systems in separate tracts, sometimes adjacent or contiguous to operations of other public utility water companies; all leading to consumer confusion, disparity in rates and types of services, and inefficient and uneconomic operations.

Lakewood in its protest and in its application contended that, although its main service area was in the City of Lakewood in

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<sup>9</sup> Orange County Waterworks District No. 5.

Los Angeles County, across the Rio Hondo Channel of the Los Angeles River, its water system facilities could and would be extended to furnish any water service required by future public convenience and necessity in southwestern Orange County.

The group of consumers who protested the installation of meters stated they had not noticed any wastage of water in their areas, and felt that the establishment of meters would constitute a hardship upon them.

#### General Information

As of June 30, 1955, Pacific (successor to Mountain Properties, Inc., and Desert Water Company), had 44 employees and furnished water service to 10,104 consumers in 24 water systems in Los Angeles, Orange, Kern, and San Bernardino counties.

Of the total number of applicant's shares of common stock outstanding as of June 30, 1955, J. Lyttleton Lyon, president, owned 344,603, and George C. Lyon, attorney, owned 22,947, comprising the total number of shares outstanding of 367,550.

As shown on Exhibit No. 3-A (applicant's balance sheet as of September 30, 1955), its total utility plant amounted to \$2,301,656.26 and total assets were \$2,564,820.01. Current assets, including \$350 cash, amounted to \$202,673.60, and current liabilities were \$353,343.36. Total liabilities (excluding stock and surplus) amounted to \$1,653,420, including the depreciation reserve of \$171,518.70.

Applicant maintains service and maintenance crews and a shop in Santa Ana which render emergency service and maintenance to all of applicant's water systems. Its headquarters office address is 5724 Venice Boulevard, Los Angeles 35.

#### Description of the Proposed Area

Generally speaking, Pacific's amended proposed areas are bounded on the north by Stanford, Garden Grove Boulevard, and

Westminster Avenue; on the east by the Santa Ana River; on the south by Talbert Avenue; and on the west by Bolsa Chica Road.

The map, Exhibit No. 23, purports to show Pacific's certificated areas in this portion of the County in solid blue; tracts or territory therein in which Pacific was furnishing water service as of June 30, 1955, contiguous and noncontiguous to its certificated areas, in blue crosshatching; and the boundaries of the area requested to be certificated by its instant captioned application by a blue line.

#### Growth of the Area

The evidence shows, and the Commission takes judicial notice of, the unprecedented growth<sup>10</sup> of the areas covered not only by the instant application, but by the applications of Dyke, Southern California, and Lakewood (supra),<sup>11</sup> together with the manifold problems arising therefrom. Subdivisions have been and are being developed in areas formerly devoted to citrus orchards and to farm and dairy lands, and the character of the area is rapidly changing from agriculture to residential and commercial suburban. Much of the proposed area is suitable for and is being developed as subdivisions for homesites; however, a substantial portion of the southwest section is subject to lowland conditions, and is being reserved by landowners for oil-well drilling possibilities, and for agricultural purposes. It is, nevertheless, manifest from the record that all of the areas hereinafter ordered to be certificated to applicant now, or within the near future, will need water service.

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<sup>10</sup> Exhibit No. 120 is a Monthly Summary of Business Conditions in Southern California for November, 1955, published by the Security-First National Bank of Los Angeles. It shows that Orange County was exceeded in growth of building permit activity for new dwelling units in the first six months of 1955 by only 11 states of the Union.

<sup>11</sup> The total area covered by these applications comprises in excess of 100 square miles.

Applicant's Orange County Systems  
and Number of Consumers in the County

As of June 30, 1955, Pacific furnished water service in 9 systems in Orange County including its Laurel Square, Laelco (including Colonia Juarez), and Los Palms Ranchos systems just west of Santa Ana and south of Garden Grove Boulevard in the eastern portion of the proposed areas; its Barber City, Golden West Gardens, Hensley-Millar, and New Westminster systems in the western portion; its Heiner Tract system, between Buena Park and Santa Ana, considerably north of Garden Grove Boulevard; and its Walnut Acres system north of the Santa Ana Freeway at Placentia Avenue. Most of Pacific's consumers in these systems were and are furnished service on a flat rate basis, there having been as of June 30, 1955, 2,454 flat rate consumers out of a total of 3,138 consumers. As of December, 1954, applicant operated 24 active wells in Orange County, with a total output of 7,245 gallons per minute.

Basis of Application for Certificate

Pacific contended that past experience had proved that it was uneconomical and inefficient to operate small independent systems in a checkerboard fashion. It showed that subdividers and contractors in southwestern Orange County frequently approached, first, Pacific, then Dyke, and in some instances Districts Nos. 3 or 5, to secure bids for water system installations in their proposed subdivisions; that they frequently bargained back and forth between one water company and another attempting to secure a lower cost for water system installations; that this bargaining between the utilities and contractors led to competition, resulting in construction proposals by the utilities which were below costs, and which in some instances proposed and resulted in the installation of an inferior grade of water system material; all of which it was contended, had been and would continue to be contrary to the public interest. The witness

Petty, applicant's vice president and superintendent, termed these business transactions a "chiseling process".

Applicant's consulting engineering witness submitted a map, Exhibit No. 19, showing the location of applicant's presently operative pumps and wells, and a tentative master grid water system utilizing a proposed connection with Metropolitan Water District facilities at approximately Lampson and Placentia Avenues just south of the County Farm and Hospital. At that location applicant would construct a large storage reservoir in order to comply with Metropolitan Water District requirements to take delivery of water on a 24-hour basis, at high pressures. From the reservoir, water would be transported south, southwest, and west through 20-, 12-, 10-, and 8-inch mains as shown on Exhibit No. 19. The cost of this system to serve the approximately 26 square miles and some anticipated 62,600 consumers in the proposed areas was estimated to be approximately \$6,250,000. The alleged benefits to Pacific and its consumers resulting from the completion of such a master grid system and utilization of Metropolitan Water District water would be an improvement in operating pressure conditions in present low pressure areas; the cessation, for the most part, of water supply failures; and the supplementing of applicant's sources of supply from its own wells in the areas, thereby reducing the amount of pumping of ground water in this portion of Orange County.

#### Rates

Applicant submitted as Exhibit No. 15 schedules of proposed and general metered service rates for the proposed areas. These rates are higher than applicant's other rates for water service in the County, but were alleged by applicant to be more on a parity with those of surrounding public utilities. Applicant proposed that

eventually it would apply for the establishment of one level of flat and meter rates for its various Orange County systems.

Operating Record

Exhibit No. 107 is a report on Pacific's results of operations in Orange County for the calendar years 1953 and 1954, and for the 12-month period ending June 30, 1955, submitted by staff accounting and engineering witnesses of the Commission. This report shows that the water pressure on six of applicant's Orange County systems, at times of peak demand, falls below 25 pounds per square inch, and shows that there were numerous complaints to the Commission and to the Orange County Health Department regarding low pressure or failure of water service during the years 1953 to 1955.

Main Extension Refund Contracts

Exhibit No. 107 shows that applicant has executed a wide diversity in type of main extension refund contracts none of which conforms to either of the two standard forms of contracts filed with the Commission. The refund provisions range from 10 to 35 per cent of the gross revenues, and for periods ranging from 10 to 25 years. Applicant has effected contracts which provide for no refund in the acquisition of some systems.

Accounting Procedures  
and Financial Conditions

The record shows that applicant has not kept its books in accordance with the Uniform Classification of Accounts for Water Utilities prescribed by the Commission. The books of account have recorded investment in utility properties consisting of a combination of original cost to the corporation, original cost to predecessor owners of properties comprising operating units or systems, and original cost to predecessor owners of property not comprising an operating unit or system. The difference between the original cost



of properties and the actual cost to applicant represented by the purchase price has been carried to capital surplus.

Exhibit No. 107 shows that applicant has had difficulty meeting current obligations due to a lack and overdraft of working capital and has resorted to contractual obligations to a large extent to defer current outlays of cash. The record shows that applicant's plans provide for an improvement of its cash position.

Requests from Subdividers  
For Water Service

Exhibits Nos. 16 and 17 are requests from owners and tentative subdividers of 20 acres west of Wright and south of Bolsa, and 10 acres approximately 1,320 feet south (sic) of Wright Street and adjacent to Bolsa on the north side by A. E. Johnson, and 78 acres located at Heil and South Newhope Streets in the Newhope area by A. Trudeau, that said properties be included in Pacific's certificated area. Each of these properties lies without the areas which will hereinafter be certificated to applicant.

Landowners' Petitions for  
Exclusion of Their Lands

Exhibits Nos. 12, 12-A, 13, 13-A, 58 and 58-A are the petitions of landowners requesting that specifically described lands be excluded from Pacific's certificated service areas.

County Franchise Ordinance

Exhibit No. 18 is a copy of Ordinance No. 764 of Orange County dated September 27, 1955, granting Pacific a franchise in the public streets and highways in all unincorporated territory of the County, except streets or highways within the boundaries of any Orange County Waterworks Districts as they existed on the effective date of the ordinance granting the franchise.

Findings and Conclusions with  
Respect to Application for Certificate

Consideration of the evidence received in the hearings on the consolidated record as to the applications hereinbefore referred to demonstrates that the competitive practices of public utility water companies, the authorized and unauthorized extensions, and the operations of water systems in southwestern Orange County as of June 30, 1955, have resulted in the following conditions:

1. Pacific was furnishing water service in nine systems;
2. Dyke was furnishing water service in at least two systems;
3. Southern California was furnishing water service in four systems;
4. Ideal Petroleum Company and Rancho Water Company, public utility water companies, were each operating a system;
5. Orange County Waterworks Districts Nos. 3 and 5 were each operating a system; and
6. Lakewood was not operating, but now has an application pending (supra).

Unhealthy, uneconomic and improper competition existed and exists between public utility water companies; unauthorized extensions have been made, extensions of existing operations were not established and are not being established in an orderly manner nor in the normal sphere of operations of the respective applicants and protestants; a variety of types of services and operations existed and now exists; and the respective consumers were and are being charged various levels of rates. There is no question but that uncontrolled competition for subdivision contracts for water system installations among public utility water companies, and the resultant variety of installations, services and rates, are contrary to the public interest and must cease.

It is the fundamental responsibility of the Commission to bring about a correction of the present conditions which are

manifestly adverse to the public interest, and to establish stability of water system installations and operations in the general area under consideration. If the present activities of the utilities subject to regulation are not now checked by the Commission, the anticipated further increases in population will exaggerate the varieties of services, operations and rates, and uncontrolled and uneconomic competition will continue adversely to the public interest.

The Commission finds, concludes and declares that a state of emergency, adverse to the public interest exists in the public utility water company practices and operations in southwestern Orange County. The orders which follow are designed to meet this emergency and to correct the existing intolerable conditions.

The Commission takes judicial notice of the creation, existence and operation of the Metropolitan Water District of Southern California, its contract rights with the Government of the United States for the use of the waters of the Colorado River, and the existence of its main transmission line commonly known as the "Colorado River Aqueduct", extensions of which are laid in the areas of Orange County under consideration. The Commission likewise takes notice of the semiarid character of the areas under consideration, and of the fact that their ground water supplies are being mined and seriously depleted because of the unprecedented population growth and attendant use of water. This Commission accepts the predicate that water from the Colorado River, supplied through the medium of the Metropolitan Water District, and the known proposed development of other supplies, will meet the water needs of the areas under consideration for the foreseeable future. The record shows that each of the applicants has applied for and can obtain its needed water from the Metropolitan Water District. Due to the relatively high basic costs and special conditions of delivery of water from the

Metropolitan Water District, logical spheres of operations in more or less concentrated and large areas in southwestern Orange County are prerequisites to the economic utilization of such water.

The Commission has carefully considered the exact locations and characters of the present operating water systems of each applicant in its respective certificated areas, together with areas contiguous thereto in which it was furnishing water service as of June 30, 1955, and also areas contiguous to such contiguous areas in which it was furnishing water service as of that date. The Commission has considered the locations and characters of the operations of each applicant and protestant in connection with which certificates of public convenience and necessity have been granted, and in connection with which and to the extent identifiable, no certificate of public convenience and necessity has been granted. In addition, the Commission has considered the boundaries of Orange County Waterworks Districts Nos. 3 and 5 as they existed on June 30, 1955, the boundaries of the presently certificated areas of Ideal Petroleum Company and Rancho Water Company, the known boundaries of government military reservations, and the lands which have been requested to be excluded. The Commission has also considered the operating record of each applicant, its management practices and its financial capabilities.

All other matters being equal, an existing utility should have the first right to the normal extension of its service as the public convenience and necessity requires and as contemplated by Section 1001 of the Public Utilities Code.

To those ends, and in the light of the existing emergency, respective spheres of operations of the public utility water companies involved in these consolidated proceedings will be created in the orders being issued by the Commission in the applications before us. Each utility will be limited and restricted to its respective spheres of operations, subject to certain exceptions.

The Commission finds and concludes that the boundaries of the respective spheres of operations of the applicants shall be delimited as follows:

1. The spheres of operations of Pacific Water Co., generally, shall consist of the area south of Garden Grove Boulevard to Smeltzer Avenue and east of Verano Street to the Santa Ana River; and an area south of Garden Grove Boulevard to Hazard Avenue east of Cedarwood/Arizona approximately to Bushard Street; and its Colonia-Juarez system; except there are excluded therefrom all operations of other water utilities lawfully operating within said boundaries, lands not heretofore or herein certificated within the boundaries of Orange County Waterworks Districts Nos. 3 and 5, and lands specifically requested by landowners to be excluded (Appendix B attached hereto). The Commission finds and concludes that the areas above referred to are the logical, economic and geographical spheres of operations within which Pacific Water Co. shall operate in southwestern Orange County.

2. The spheres of operations of Dyke Water Company, generally, shall consist of the area located north of Garden Grove Boulevard to the limits of the Cities of Buena Park and Anaheim, and east of Dale Street to Lewis Street including Tracts Nos. 1425, 2519 and 2419 south of Garden Grove Boulevard, west of Lewis Street; and an area south of Garden Grove Boulevard to Bolsa Avenue, east of Bolsa Chica Road to Hoover Street; and an area north of Westminster Avenue to Trask Avenue between Wright and Verano Streets including Tract No. 2010; except there are excluded therefrom all operations of other water utilities lawfully operating within said boundaries, and lands not heretofore or herein certificated within the boundaries of Orange County Waterworks Districts Nos. 3 and 5, and lands specifically requested by landowners to be excluded (Appendix B attached hereto). The Commission finds and concludes that the areas above referred to

are the logical, economic and geographical spheres of operations within which Dyke Water Company shall operate.

3. The spheres of operations of Southern California Water Company, generally, shall consist of the City of Huntington Beach and its environs; and an area bounded by Garden Grove Boulevard on the south to Crescent Avenue on the north, Dale Street on the east to the Orange County-Los Angeles County dividing line on the west (excluding the United States Naval Reserve Air Base); except there are excluded therefrom all operations of other water utilities lawfully operating within said boundaries, lands within the boundaries of Orange County Waterworks Districts Nos. 3 and 5, and lands specifically requested by landowners to be excluded (Appendix B attached hereto). The Commission finds and concludes that the areas above referred to are the logical, economic and geographical spheres of operations within which Southern California shall operate in southwestern Orange County.

As noted hereinbefore, the Commission has considered the factors and elements justifying the establishment of the respective spheres of operations of Pacific, Dyke, and of Southern California. The Commission has noted that in each of said spheres of operations there are one or more isolated or "island" water systems being lawfully operated by one or more of the other applicants and protestants in these consolidated proceedings. Such lawful operations are the result of the issuance in the past by the Commission of certificates of public convenience and necessity. In the establishment of the respective spheres of operations, the Commission has excepted therefrom all operations of other water utilities lawfully operating within the boundaries thereof. In furtherance of the policy hereinbefore expressed in the establishment of spheres of operations, the Commission urges upon and recommends to each of the water utilities involved in these consolidated proceedings that it voluntarily

negotiate and deal with the respective water utility, certificated by the order which follows within a specific sphere of operations, for the sale and purchase of such "island" water systems. This will permit and facilitate the establishment and maintenance of one homogeneous and economic water system in each of the spheres of operations hereinbefore created. The Commission invites applications seeking authority for such sales and purchases.

The Commission is greatly concerned over Pacific's inefficient operating record in Orange County, its lack of headquarters management organization, and its inadequate financial condition. Despite this concern, it is evident that Pacific's present operating plant, the growth of the areas, its proposed water system operations (including the importation and utilization of water from Metropolitan Water District), its plans for additional capital and the improvement of its financial capabilities, and public convenience and necessity, justify its certification for additional areas, with appropriate limitations and upon specific conditions.

The Commission finds and concludes that public convenience and necessity do not require that Pacific's application be granted in its entirety, and, in the order which follows, it will be granted in part and denied in part.

The Commission finds and concludes that public convenience and necessity requires that Pacific be granted a certificate of public convenience and necessity, limited and conditioned as therein specified, to construct, extend and operate its public utility water systems in the areas delineated in light dotted shading, with the legend "Pacific Water Co." on the map (Appendix A) attached thereto, which are hereby established as its authorized spheres of operations in southwestern Orange County, and to exercise the franchise rights

hereinbefore referred to. Such certificate of public convenience and necessity is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the franchise herein or this certificate of public convenience and necessity or the right to own, operate, or enjoy such franchise or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the issuance of such franchise or certificate of public convenience and necessity or right.

The Commission finds and concludes that, in order to stabilize the public utility water system development in the areas under discussion, the public interest requires that Pacific should not, without further order of the Commission, extend its water system beyond its spheres of operations and the boundaries of the areas which are hereinafter certificated to it by the order which follows.

The Commission finds and concludes that contracts or agreements offered in evidence in this record relating to contractual arrangements for extending or providing for service in any of the certificated areas are not binding on the Commission and are not acted upon herein and, therefore, the certificate granted by this decision is not to be construed in any way as authorization for the carrying out of any such contracts or agreements.

The record in these proceedings discloses, and the Commission hereby finds and concludes, that Dyke, without first having applied for and obtained a certificate of public convenience and necessity and in violation of Section 1001 of the Public Utilities Code, has extended its water system into Tracts Nos. 2191, 2463, 2464, 2465 and 2097, which are without Dyke's and are within Pacific's spheres of operations, each as hereinbefore specified. Said tracts are covered by the decision herein. By decision in Applications Nos. 37097 and 37161 (supra), issued concurrently herewith, Dyke is ordered to continue to furnish its present water services to said



tracts, at its present rates, until Pacific is prepared to serve the said tracts. Applicant will be ordered hereinafter to certify in writing to the Commission, over the signature of a responsible executive, the exact date that it is ready to and will serve domestic water to all consumers in Tracts Nos. 2191, 2463, 2464, 2465 and 2097 (supra), then being served by Dyke. Upon the receipt by the Commission, not earlier, however, than the effective date of the order herein, of such certification, the Commission will issue its supplemental order or orders herein.

Conclusions with Respect to Rates and Rules

Applicant's showing with respect to the establishment of a new schedule of rates for the proposed certificated areas is not conclusive, and its proposed rates will not be authorized. Applicant will be authorized and directed to apply its presently filed rates for the Laurel Square system to the areas certificated hereinafter. Said system's rates are applicable to the majority of applicant's consumers in the county, are applicable to areas most representative of applicant's present and proposed operating conditions in the areas. No change in applicant's present rates for water service will be authorized by the order herein. However, applicant is put on notice that the Commission reserves the right and recognizes its duty at all times to review the reasonableness of applicant's charges for water service not only in its spheres of operations in southwestern Orange County, but in any or all of its water systems.

Conclusions with Respect to Service

It appears that conservation of ground water supplies is necessary and would be promoted by the establishment of meters on the premises of each of applicant's consumers. The order which

follows will direct applicant to forthwith institute and thereafter diligently complete, over a period of not less than four years, a program of metering its Orange County water systems. Applicant shall report its progress in writing to the Commission every 90 days hereafter.

Applicant will be directed to carry out the staff recommendations contained on pages 47 and 48 of Exhibit No. 107. Additionally, applicant will be directed to report in writing to the Commission within 60 days after the effective date of the order, and every 90 days thereafter for two years, its progress in financing and in carrying out its master grid water system plan for the areas certificated hereinafter, including the importation and utilization of water from Metropolitan Water District.

The protests of Dyke, Southern California, and of Lakewood will be denied.

O R D E R

Amended applications as above entitled having been filed, public hearings having been held, the matters having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That Pacific Water Co., a corporation, be and it is granted a certificate of public convenience and necessity to construct, extend and operate its public utility water systems in its spheres of operations in the areas delineated on the map attached hereto as Appendix A, and to exercise the rights and privileges granted by Ordinance No. 764 of Orange County, dated September 27, 1955, subject, however, to the following limitations and conditions:
  - (a) That Pacific Water Co. shall not extend its water system outside its certificated service area boundaries as shown on Appendix A without further order of the Commission.

- (b) That Pacific Water Co. shall immediately provide water services in Tracts Nos. 2191, 2463, 2464, 2465 and 2097, and shall certify in writing to the Commission over the signature of a responsible executive, within ninety days after the effective date hereof, the exact date that it is ready to and will serve domestic water to all consumers in said tracts then being served by Dyke.
- (c) That Pacific Water Co. shall forthwith institute a program of metering of water service in the certificated areas shown on the map, Appendix A, and shall report its progress in writing to the Commission within ninety days after the effective date hereof, and every ninety days thereafter, for a period of four years.
- (d) That Pacific Water Co. shall record investment in plant in accordance with the provisions of the Uniform System of Accounts for Water Utilities, and within ninety days from the effective date of this order shall report in writing to the Commission its compliance.
- (e) That within six months after the effective date hereof, Pacific Water Co. shall make a study to determine an appropriate allocation of its depreciation reserve in each system by plant accounts, and shall report to the Commission within nine months after the effective date hereof, the results of this study, together with a statement of the proposed procedure by which it will carry these amounts forward by accounts.
- (f) That Pacific Water Co. shall employ a permanent staff competent to: (1) provide continuous studies to insure maintenance of adequate service in existing systems; (2) prepare, and submit to management, studies of future requirements for supplies and facilities whenever and as major expansion occurs within the present systems.
- (g) That Pacific Water Co. shall provide a coordinated program for direct supervision of operation and maintenance personnel and for lines of communication to permit placing management decisions into effect promptly.
- (h) That Pacific Water Co. shall create and maintain adequate maps and statistical records of facilities and service in the various operating districts of the company.

- (i) That applicant shall report in writing ninety days after the effective date of this order, and every ninety days thereafter its progress with respect to subparagraphs (f), (g), and (h), until further order of the Commission.
  - (j) That Pacific Water Co. shall, within ninety days after the effective date of this order, file in accordance with provisions of General Order No. 96 copies of contracts relating to utility service, including any existing main extension contracts not already filed which do not conform to the filed sample contract form. Likewise, applicant shall refile tariff sheets, including tariff service area maps to conform to the territory in which it is authorized to furnish service consistent with the consolidation of applicant's presently filed tariff schedules for all districts in a single tariff book.
  - (k) That Pacific Water Co. shall, within sixty days after the effective date hereof and every ninety days thereafter for a period of two years, report to the Commission in writing its progress in financing and carrying out a master grid system plan for the certificated areas shown on the map, Appendix A, and the importation and utilization of water from Metropolitan Water District.
2. That failure by Pacific Water Co. to strictly comply with and carry out the conditions attached to the granting of the certificate of public convenience and necessity as hereinbefore specified, shall constitute grounds for the institution and prosecution of proceedings as specified by Sections 2101 through 2113 of the Public Utilities Code, as well as for the issuance by the Commission of all orders appropriate in the circumstances.
- 3.a. That Pacific Water Co. be and it is authorized and directed to apply its presently filed rates and rules for water service in its Laurel Square system to the areas certificated by this order. No change in applicant's presently filed rates is authorized.
- b. That Pacific Water Co. shall, within thirty days after the effective date hereof, revise its Laurel Square tariff schedules, including its tariff service area maps, to include the certificated areas shown on the map, Appendix A, in a manner acceptable to the

Commission and in accordance with General Order No. 96. Such rates, rules and tariff service area maps shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

- c. That Pacific Water Co. shall file, within forty days after the effective date hereof, 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 served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant in the areas certificated by this order.
4. That Pacific Water Co. shall review annually the accruals to depreciation reserve which shall be determined for each primary plant account by dividing the original cost of plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the surviving plant of the account; and the results of the reviews shall be submitted annually to the Commission.
5. That Pacific Water Co. shall accrue depreciation expense monthly as provided in the Uniform System of Accounts for Water Utilities, such expenses to be based either on beginning of year plant, beginning of month plant, or average monthly plant balances, and shall charge depreciation accruals applicable to contributed plant to contributions in aid of construction, as set forth in said Uniform System of Accounts.
6. That the protests of Dyke Water Company, Southern California Water Company, and of Lakewood Water and Power Company be and they are hereby denied.
7. That the lands specifically requested by landowners to be excluded (Appendix B attached hereto), be and they are hereby excluded from the certificate herein granted.

8. That in all other respects the application of Pacific Water Co. be and it is denied.

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

Dated at San Francisco, California, this 1st day of October, 1956.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners

PRIVATE PROPERTIES EXCLUDED FROM CERTIFICATED AREAS  
SHOWN ON MAP, APPENDIX A

<u>Parcel No.</u>	<u>Name</u>	<u>Exhibit No.</u>	<u>Legal Description</u>	<u>Acreage</u>
1	Mary K. Smith and Howard K. Smith	12-A	S $\frac{1}{2}$ of the S $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 21, T5S, R11W, SBB & M	40
2	Greenwing Land and Water Co. by John A. Murdy, Jr., secty.	12-A	NW $\frac{1}{4}$ of Sec. 15, T5S, R11W, SBB & M	160
3	John A. Murdy, Jr.	12-A	W $\frac{1}{2}$ of the E $\frac{1}{2}$ of SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Sec. 22, T5S, R11W, SBB & M	10
4	"	"	E $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Sec. 22, T5S, R11W, SBB & M	20
5	"	"	N $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Sec. 23, T5S, R11W, SBB & M	80
6	"	"	N $\frac{1}{2}$ of the E $\frac{1}{2}$ of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Sec. 23, T5S, R11W, SBB & M	10
7	John A. Murdy, Jr.* undivided one-half interest		W $\frac{1}{2}$ of the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Sec. 15 T5S, R11W, SBB & M	40
	*Other one-half interest, Home Investment Co., Long Beach, by L.S. Whaley, pres.			
8	C. O. Graham by Alvin Graham	12-A	S 30 acres of the W $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Sec. 16, T5S, R11W, SBB & M	30
9	"	"	NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 21, T5S, R11W, SBB & M	40
10	"	"	W $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Sec. 22, T5S, R11W, SBB & M	20
11	Alban Holtz and Bernadine Holtz	12-A	W 80 acres of the NW $\frac{1}{4}$ of Sec. 4, T5S R11W, SBB & M	80
12	"	"	W 80 acres of the SW $\frac{1}{4}$ of Sec. 4, T5S, R11W, SBB & M	80
13	"	"	SW $\frac{1}{4}$ of Sec. 4, T5S, R11W, SBB & M, excepting therefrom the W 80 acres	80
14	Adrian O. Hubbell, DDS	12-A	SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 21, T5S, R11W, SBB & M	40
15	"	"	S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 21, T5S, R11W, SBB & M, plus 3 acres at 15881 Golden West St., Rt. 3, Santa Ana	23

APPENDIX B  
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PRIVATE PROPERTIES EXCLUDED FROM CERTIFICATED AREAS  
SHOWN ON MAP, APPENDIX A

<u>Parcel No.</u>	<u>Name</u>	<u>Exhibit No.</u>	<u>Legal Description</u>	<u>Acreage</u>
16	Wilford G. Lewis, Trustee	12-A	E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Sec. 22, T4S, R11W, SBB & M	20
17	"	"	E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Sec. 22, T5S, R11W, SBB & M	20
18	The Artesian Land Co., by H. K. Bagley, secretary	12-A	Sec. 21 and 28 (portions thereof), T4S, R11W, SBB & M	718.44
19	Willis L. Miller	13-A	W $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 4, T5S, R11W, SBB & M	80
20	"	"	E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 4, T5S, R11W, SBB & M, except the southerly 120 ft.	(above) 45
21	Aldrich R. Peck, and Aldrich R. Peck, Dorothy Thayer Peck and Charles H. Thatcher, Trustees	58-A	Commencing in the center of Sec. 9, T5S, R11W, SBB & M, and running thence N25.60 chains to the compromise boundary line between the Ranchos Las Bolsas and La Bolsa Chica, and the Rancho Los Alamitos; thence S49° 30'W along the said comp. line 52.91 chains to the W line of Sec. 9; thence S12.29 chains thence E40.04 chains to $\frac{1}{2}$ Sec. lines; thence N20 chains to the place of beginning; est. to contain 115.5 acres	115.5
22	"	"	S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Sec. 9, T5S, R11W, SBB & M	80
23	"	"	S $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 9, T5S, R11W, SBB & M	80
24	"	"	SE $\frac{1}{4}$ of Sec. 9, T5S, R11W, SBB & M	160
25	"	"	SW $\frac{1}{4}$ of Sec. 10, T5S, R11W, SBB & M	160
26	"	"	S 30 acres of the W 50 acres of the S $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Sec. 10, T5S, R11W, SBB & M	30
27	"	59-A	SW $\frac{1}{4}$ , except the easterly 40 acres of Sec. 15 T5S, R11W, SBB & M	120
28	"	"	E $\frac{1}{2}$ , and the E $\frac{1}{2}$ of the W $\frac{1}{2}$ of Sec. 16, T5S, R11W, SBB & M	480
29	"	"	W $\frac{1}{2}$ of the NW $\frac{1}{4}$ , except the southerly 30 acres of Sec. 16, T5S, R11W, SBB & M	50



PRIVATE PROPERTIES EXCLUDED FROM CERTIFICATED AREAS  
SHOWN ON MAP, APPENDIX A

<u>Parcel No.</u>	<u>Name</u>	<u>Exhibit No.</u>	<u>Legal Description</u>	<u>Acreage</u>
30	Aldrich R. Peck, and Aldrich R. Peck, Dorothy Thayer Peck and Charles H. Thatcher, Trustees	59-A	SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 22, T5S, R11W, SBB & M	40
31	"	"	NW $\frac{1}{4}$ , except 3 acres in the NE corner thereof, of Sec. 23, T5S, R11W, SBB & M	157
32	"	"	SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Sec. 23, T5S, R11W, SBB & M	40
33	"	"	W $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ , and the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Sec. 23 T5S, R11W, SBB & M	30
34	"	"	S $\frac{1}{2}$ of the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ , and the N $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Sec. 23, T5S, R11W, SBB & M	60
35	"	"	SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 24, T5S, R11W, SBB & M	40
36	"	"	N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 24, T5S, R11W, SBB & M	80
37	Aldrich R. Peck, and Aldrich R. Peck, Dorothy Thayer Peck and Charles H. Thatcher, Trustees	60-A	Easterly 23.94 acres of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 1, T6S, R11W, SBB & M	23.94
38	"	"	Easterly 23.94 acres of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ , except 4 acres along the east side thereof, of Sec. 1 T6S, R11W, SBB & M	19.94
39	"	"	E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 1, T6S, R11W, SBB & M	20
40	"	"	E $\frac{1}{2}$ of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 1, T6S, R11W, SBB & M	20
41	"	"	W $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 1, T6S, R11W, SBB & M	80
42	"	"	NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Sec. 1, T6S, R11W, SBB & M	40
43	"	"	NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Sec. 13, T6S R11W, SBB & M	40
44	"	"	NE $\frac{1}{4}$ of Sec. 7, T6S, R10W, SBB & M	160
45	"	"	SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Sec. 7, T6S, R10W, SBB & M	40