

ORIGINAL

Decision No. 52863

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
IDEAL PETROLEUM COMPANY for a cer-)
tificate of public convenience and)
necessity, for extension of water)
system.)

Application No. 38263

R. E. Ibbetson, for applicant;
Cyrus S. Doherty, Jr., for Donald R. Plunkett,
doing business as Plunkett Water Company,
protestant;
Chester O. Newman, for the Commission staff.

O P I N I O N

The applicant, Ideal Petroleum Company, a corporation, has authority from this Commission to operate public utility water systems in two noncontiguous portions of Los Angeles County in the vicinity of Lakewood, and in the vicinity of the community of Claremont in Orange County.¹ The systems are not connected. In the vicinity of the City of Lakewood the service area includes territory bounded on the north by 14th Street (also known as Allington Street), and on the west by the Lakewood city limits (Exhibit A on the application). By the application herein, filed on July 23, 1956, applicant seeks a certificate of public convenience and necessity to operate a public utility water system in an unincorporated portion of Los Angeles County, bounded by Woodruff Avenue on the west and a line 158 feet north of 14th Street on the south, and in the vicinity of the City of Lakewood, California, known as Tract No. 22030.

¹ Decision No. 34586, dated September 16, 1941, in Application No. 24234; Decision No. 46890, dated March 25, 1952, in Application No. 33046; Decision No. 51387, dated April 26, 1955, in Application No. 36675; Decision No. 52863, dated April 10, 1956, in Application No. 37709.

A public hearing in the matter was held before Examiner Kent C. Rogers in Los Angeles on August 17, 1956. Donald A. Plunkett, doing business as Plunkett Water Company, appeared as a protestant. Plunkett Water Company serves a 30-acre parcel of land lying north of 14th Street and immediately west of Woodruff Avenue (Decision No. 42382, dated December 29, 1948, in Application No. 29458), contiguous to the proposed service area which is to be bounded by Woodruff Avenue on the west. Mr. Plunkett presented evidence to show that he is ready, able and willing to serve the proposed area. A receiver and trustee in bankruptcy appeared as a witness at the hearing herein, and testified that the Plunkett Water Company is in bankruptcy; that he does not know if or when the company will be returned to Mr. Plunkett; that the first notice to creditors was filed on April 6, 1956; that the creditors have six months from that date in which to file claims; and that the bankrupt estate is not objecting to the granting of the herein application. Mr. Plunkett testified that the bankruptcy matter can and will be closed soon after October 1, 1956, and he intends to resume operations. We have here, however, as the evidence shows, a subdivision in which a portion of the homes are constructed and ready for water. There is no certainty that Plunkett will resume control of the water company on October 1, 1956, or thereafter. Inasmuch as applicant is ready, able and willing to furnish water to the subdivision, the objection of Plunkett will be disregarded.

Restriction Against Expansion of Service Area

By Decision No. 46890, dated March 25, 1952, in Application No. 33046, Ideal Petroleum Company, applicant herein, was restricted from further extending its water system in the vicinity of Lakewood without an order from this Commission.

General Information

Applicant and Union Development Company, Inc., are affiliated corporations, each of which has the same five stockholders. Applicant's utility plant is claimed to have a net value of \$268,234 (Exhibit E on the application). The portion of its plant not acquired by advances for construction and contributions in aid of construction have been paid for by the Union Development Company. As of December 31, 1955, applicant owed the Union Development Company \$61,424 for plant construction (Exhibit E on the application). Union Development Company has an agreement with applicant whereby it guarantees applicant's continued operations. As of June 30, 1956, the Union Development Company allegedly owned assets valued at \$3,290,871, with incumbrances in the amount of \$529,222, and had an annual income of \$302,050 (Exhibit D on the application). In its present Lakewood service area applicant has 1,100 customers. It secures its water from four wells having a total production of 1,250 gallons per minute. Its system has a total storage capacity of 220,000 gallons, which applicant intends to increase to $\frac{1}{2}$ million gallons. Applicant also has pressure tanks at the well sites. In addition to the wells in service, applicant has a well approximately 2,500 feet northeast of the existing service area which has a capacity of 600 gallons per minute. This well will be tied in to the system by a connection at Well No. 2 located near Palo Verde Avenue (see Exhibit No. 3 for locations of facilities).

Proposed Service in Tract No. 22030

The area applicant requests authority to serve extends north from a line 158 feet north of the northern boundary of applicant's Lakewood service area, is known as Tract No. 22030, is

located in Los Angeles County territory north of the City of Lakewood, California, and covers approximately six acres which have been subdivided into 32 residential lots on which homes are being constructed (Exhibit No. 2). A system of 4-, 6- and 8-inch asbestos-cement mains, together with three fire hydrants, has been installed by the subdivider (Exhibit No. 2). Applicant has a 4-inch main terminating at the intersection of Allington Street and Ibbetson Avenue. At the commencement of service applicant will extend the 4-inch main from the said intersection to the intersection of Allington Street and Woodruff Avenue, at which point it will be connected to the 8-inch main serving Tract No. 22030. Applicant plans to extend an 8-inch main from Arabella Street via Woodruff Avenue to the 8-inch main in the said subdivision. Applicant's engineering witness stated that the existing water supply plus the water from the 600-gallon-per-minute well, which supply will be connected to the existing service area, will be sufficient for 1,500 services.

The subdivider and the applicant have entered into a main extension agreement, a copy of which is Exhibit No. 4 in this proceeding. The estimated cost of installing the system, \$8,614.25, was advanced by the subdivider who is to be reimbursed by the applicant on the basis of 25 per cent of the average annual revenue from the customers in the subdivision for a period of not to exceed 17.6 years. Such refund provision is in conformance with applicant's filed main extension rule. Services are to be metered and the applicant is to furnish the water meters.

Applicant proposes to apply its presently filed meter rates to the area.

Conclusion

Upon the evidence of record herein, the Commission is of the opinion and finds that public convenience and necessity require

that applicant construct and operate a public utility water system in Tract No. 22030, Los Angeles County, California, as shown by the map attached to the application as Exhibit A.

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 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 Commission having found that public convenience and necessity require the construction by applicant of a public utility water system in Tract No. 22030, Los Angeles County, California,

IT IS HEREBY ORDERED that:

1. Ideal Petroleum Company, a corporation, be, and it is hereby granted a certificate of public convenience and necessity to construct and operate a public utility water system in Tract No. 22030, County of Los Angeles, State of California, shown in Exhibit A attached to the application herein.
2. Ideal Petroleum Company be, and it is, authorized to revise, after the effective date of this order, its presently filed tariff schedules, including tariff service area maps, in conformity with the provisions of General Order No. 96, to provide for the application of said tariff schedules, to the extent not inconsistent with this decision and order, for water service in the area being certificated by this order; such revised tariff sheets to be effective on or before service is first rendered to the public in said areas. Said revised tariff sheets shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.
3. Ideal Petroleum Company shall file 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 served; the principal

water production, storage and distribution facilities; and the location of Ideal Petroleum Company's various properties.

- 4. The authorization herein granted will lapse 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 1st day of October, 1956.

Robert E. Mitchell
President

James P. Cassin

Ray L. Freeman

William H. ...

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Commissioners