

ORIGINAL

Decision No. 54137

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA WATER COMPANY )  
 for an order granting a certificate )  
 of public convenience and necessity )  
 to construct or extend its plant or )  
 system and to render service in )  
 certain territory in Los Angeles )  
 County, and for order granting a )  
 certificate of public convenience )  
 and necessity for exercise of fran- )  
 chise rights. )

Application No. 37701

O'Melveny & Meyers, attorneys, by Lauren M. Wright,  
 for applicant.  
 John Amos Fleming and Sydney Sanner, attorneys, by  
John Amos Fleming, for Lakewood Water and Power  
 Company, protestant.  
Edward F. Walsh, Carol T. Coffey, and Theodore Stein,  
 for the Commission staff.

O P I N I O N

Southern California Water Company,<sup>1/</sup> by the above-entitled application, filed January 27, 1956, seeks a certificate of public convenience and necessity to extend its water system in areas designated as "A" and "B" on the map, Exhibit "B", attached to the application, in southeastern Los Angeles County in the territory more particularly delineated on the map, Exhibit No. 1, filed at the hearing, and an order granting a certificate of public convenience and necessity for the exercise of franchise rights granted by

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

Ordinance No. 6164, dated March 3, 1953, Ordinance No. 6583, dated November 23, 1954, and Ordinance No. 6601, dated January 4, 1955, of Los Angeles County.

Public hearings on this matter were held before Commissioner Rex Hardy and Examiner Stewart C. Warner, on October 31 and November 1, 1956, at Los Angeles. Lakewood Water and Power Company<sup>2/ 3/</sup> protested the granting of the application. There were no other protests.

General Information

Exhibit No. 2 shows that applicant's water fixed capital, as of December 31, 1955, totaled \$23,478,502, with a related depreciation reserve of \$3,584,012. Its gross water operating revenues for the year ending December 31, 1955, were \$3,920,399. As of that date, water service was being furnished to 94,211 customers in 21 separate districts. Applicant also operates a public utility electric system and a nonutility ice plant.

Description of Proposed Area "A"

Applicant's proposed area "A" comprises approximately 5,100 acres, in which water service is being furnished by applicant in approximately 1,200 acres in its Artesia District. The area is one of the remaining large, unsubdivided acreages in southeastern Los Angeles County. It is bounded on the north by Artesia Avenue (174th Street), on the east by Garmentita Road and the Orange County

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<sup>2/</sup> Hereinafter referred to as Lakewood.

<sup>3/</sup> Application No. 37672, of Lakewood Water and Power Company, for a certificate of public convenience and necessity to extend its water system into an area covering substantially all of applicant's area "A" was consolidated for hearing with the instant-captioned application, but Lakewood filed a formal, unconditional withdrawal of its application at said hearing on October 31, 1956.

line, on the south by Carson Street (Lincoln Avenue), and on the west by the San Gabriel River. It includes the newly incorporated city of Dairy Valley whose northern and southern boundaries are Artesia Avenue and Del Amo Boulevard, respectively. It also includes the present service area of Suburban Mutual Water Company, a public utility water company, at the northeast corner of Lincoln Avenue (195th Street) and Norwalk Boulevard, and the service area of Monterey Acres Mutual Water Corporation, at the northeast corner of Centralia Street and Pioneer Boulevard. Each of these service areas is shown on the map, Exhibit "B", attached to the application.

Exhibit No. 5 is a copy of a letter dated October 29, 1956, from the City Manager of the City of Dairy Valley, which states that said city has no objections to applicant's serving such areas as may be required, provided that all installations are made in accordance with the rules and regulations of the Los Angeles County Code, and are in conformance with any rules and regulations that Dairy Valley may have. It further states that any monies, due the city under the franchise of the city for installations for water service, will be paid in accordance with the effective agreements that are in force at that time. Applicant's witness testified that applicant intended to furnish water service within the City of Dairy Valley under its Los Angeles County franchise.

Exhibit No. 4, a report of operating data for applicant's Artesia and Norwalk Districts, contains a letter dated October 1, 1956, from the Artesia Cemetery District requesting service to the Artesia cemetery.

Exhibit No. 1-B is a description of Artesia cemetery, and a map thereof. Said cemetery contains approximately 30 acres and is

located on the south side of Artesia Boulevard about 1,500 feet west of applicant's westerly boundary of its present Artesia District.

Applicant has been furnishing water service in Artesia since December 23, 1929, when it acquired the water system of Los Angeles and Suburban Water Company. Applicant expanded its Artesia District in 1948 through the acquisition of the Bringham Water Works. As of August 31, 1956, water service was being furnished by applicant to 2,710 consumers; total capacity of wells was 2,910 gallons per minute, with a well capacity per customer of 1.07 gallons per minute; and elevated tank capacity of 100,000 gallons was installed on the water system in said district. The record shows that the Artesia area is a rather poor ground-water-producing area and that applicant has no firm plans for the importation of Metropolitan Water District water into said district. The nearest imminent connection with Metropolitan Water District feeder lines which would be available to applicant is located at Imperial Highway and Pioneer or Norwalk Boulevards, about three miles north of the northerly boundary of Artesia.

Applicant's witness, its vice president and manager of the Artesia District, testified that he had consulted with a prospective subdivider of property located at the northeast corner of Centralia Street and Norwalk Boulevard, looking toward the furnishing by applicant of water service to some 465 homes, to be constructed in a proposed subdivision at that location. Said proposed subdivision would be contiguous to applicant's present service area on the north and on the east thereof. No other water companies are furnishing water service in that area, or in its vicinity. This witness

testified that the subdivider had informed him that he, the subdivider, had also been conducting preliminary negotiations with Lakewood Water and Power Company, Pacific Water Company, American Home Water Company, and Suburban Mutual Water Company, for a water system installation in, and water service to, his subdivision.

Applicant submitted no other requests from subdividers or individuals for water service in its proposed Area "A", but applicant's counsel argued that public convenience and necessity required the certification of the enlarged Artesia District to prevent the growth of "island" water companies; to enable applicant to economically import and utilize Metropolitan Water District water; and to enable applicant to plan the logical and economical development of its water system throughout Area "A". He argued, further, that it would be contrary to the public interest for the Commission to allow other public utility water companies to extend into the area and that, if the area were left open, applicant would be required to file an application for a certificate of public convenience and necessity to extend its water system each time a subdivision was contemplated, unless such contemplated subdivision happened to be contiguous to applicant's presently certificated service area.

The record shows that applicant is furnishing water service to five or six individual consumers on the north side of Artesia Avenue in the vicinity of Pioneer Boulevard, and applicant requested permission to continue such service, but did not request certification of any general area in their vicinity.

Lakewood offered no evidence in protest, but its counsel argued that applicant had not effectively shown that public convenience and necessity required that Area "A" be certificated to applicant.

He argued that inasmuch as Lakewood's present service area, as shown on Exhibit "B" attached to the application, abuts the San Gabriel River on the west bank for some distance north from Carson Street, Lakewood might elect to extend its water system into the so-called Area "A", under Section 1001 of the Public Utilities Code, if subdivisions were developed along the east bank of the river; if subdividers requested Lakewood to furnish that service; if Area "A" were not certificated to applicant; and if said area were left open, and uncertificated, to any public utility water company. He argued, further, that Dairy Valley was almost entirely composed of dairies; that Area "A" was not suitable for subdivisions; and that no state of emergency, with respect to public utility water company operations, had been shown to exist in said area.

Description of Proposed Area "B"

Applicant's proposed Area "B", as shown on Exhibit "B", attached to the application, was amended at the hearing to include only the area north of Foster Road. This area, as shown on Exhibit No. 1-A, comprises approximately 150 acres, of which 40 acres in the northeast corner thereof represent property of the Metropolitan State Hospital. Area "B" is immediately contiguous to applicant's Norwalk District on the east, and to an area in which Park Water Company, a public utility water corporation, is furnishing water service, on the south. Exhibit No. 4 contains a letter dated September 19, 1956, from said hospital requesting confirmation of applicant's ability to serve the hospital property together with the terms and conditions under which service would be rendered.

Applicant's witness testified that applicant is now furnishing water service to the main hospital grounds located north

of Imperial Highway west of Bloomfield Avenue. The record shows that applicant has been furnishing water service in its Norwalk District since 1952, when it purchased the Norwalk, Southland, and Excelsior Water Companies. This witness further testified that applicant is completing arrangements to purchase Sunshine Water Company, whose system adjoins applicant's Norwalk District on the northeast, except for a small undeveloped intervening area.

As of August 31, 1956, water service was being furnished by applicant to 5,153 consumers; total capacity of wells in the Norwalk District was 8,075 gallons per minute; storage capacity of 1,500,000 gallons with two turbine boosters with combined capacity of 1,750 gallons per minute, were installed; and there was a Metropolitan Water District connection direct into the Norwalk System, of a capacity of ten second-feet, or 4,500 gallons per minute.

Applicant's counsel argued that applicant's logical easterly expansion in its Norwalk District was to the east and northeast to connect with the Sunshine Water Company water system planned to be acquired. Park Water Company entered no protest to the granting of the application for a certificate covering Area "B", as amended.

#### Findings and Conclusion

From a review of the record, it is found as a fact, and the Commission concludes, that public convenience and necessity do not require the granting of the application covering Area "A" except for the Artesia cemetery, for which it is found as a fact and concluded that public convenience and necessity do require that the application for a certificate of public convenience and necessity be granted. In all other respects the application as it pertains to Area "A" will be denied.

As to Area "B", it is found as a fact and concluded that public convenience and necessity require that the application be granted. It is further found as a fact and concluded, that public convenience and necessity require that the application for a certificate of public convenience and necessity to exercise the rights and privileges granted by Ordinances Nos. 6164, 6583 and 6601, dated March 3, 1953, November 23, 1954, and January 4, 1955, of Los Angeles County be granted. The certificate of public convenience and necessity granted hereinafter is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the franchise involved 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 as the consideration for the issuance of such franchise, certificate of public convenience and necessity or right.

The action taken herein shall not be construed to be a finding of the value of the property herein described.

Applicant will be authorized by the order which follows to apply its presently filed rates for its Artesia District to the Artesia cemetery, and for its Norwalk District to Area "B", as amended and shown in Exhibit No. 1-A.

O R D E R

Application as above entitled having been filed, public hearings having been held, the matter having been submitted and now being ready for decision,



IT IS HEREBY ORDERED as follows:

1. That Southern California Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to construct and extend its water service in its Artesia District to the Artesia cemetery in the area described in Exhibit No. 1-B, and to construct and extend its water system in its Norwalk District in the area described in Exhibit No. 1-A as shown on the map attached thereto.

2. (a) That applicant, on and after the effective date hereof, is authorized and directed to charge its presently filed schedule of rates for water service for its Artesia District in the Artesia cemetery area certificated herein; to charge its presently filed schedule of rates for water service for its Norwalk District in the service area designated as Area "B", certificated herein; and to apply in said certificated areas its rules which are on file with the Commission.

(b) That applicant shall, within forty days after the effective date hereof, revise its presently effective tariff schedules to provide for the application of its rates and rules in the areas certificated herein, including tariff service area maps, all in accordance with the procedure prescribed by 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.

3. That applicant shall file, within forty days after the systems in the areas certificated herein are placed in operation under the rates and rules authorized herein, four copies of comprehensive maps of each of its Artesia and Norwalk Districts drawn to an indicated scale not smaller than 400 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 properties of applicant in said districts.

4. That applicant shall base the accruals to depreciation upon spreading the original 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 occur, or in any event at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

5. That Southern California Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to exercise the rights and privileges granted by Ordinances Nos. 6164, 6583, and 6601, dated March 3, 1953, November 23, 1954, and January 4, 1955, respectively, of Los Angeles County.

6. That in all other respects, the application 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 27<sup>th</sup> day of NOVEMBER, 1956.

[Signature]  
President  
[Signature]  
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Commissioners