

Decision No. 54303

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
the 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	)	Application No. 37172
territories in Orange County and for	)	(First Supplemental)
order preliminary to issuance of	)	
certificate of public convenience and	)	
necessity for exercise of franchise	)	
rights.	)	

O'Melveny & Myers, attorneys, by Lauren M. Wright  
 and Fred N. Edwards, for applicant.  
 Sanner & Fleming, attorneys, by John Amos Fleming,  
 for Lakewood Water & Power Co., protestant.  
 Gitelson, Ashton, Moore & Coyle, attorneys, by  
Robert E. Moore, Jr., for Rossmoor Subdivision  
 and Ross Cortese; Arlyne Lansdale and Glenn A.  
Lane, attorneys, for Dyke Water Co.; interested  
 Parties.  
Cyril M. Saroyan, for the Commission staff.

O P I N I O N

Southern California Water Company, a corporation, filed the above-entitled First Supplemental Application on October 8, 1956, seeking authority to extend its plant or water system in and to the area shown on the map Exhibit "A" attached to said supplemental application, and to render service in said area as a public utility water company. The area into which authority is sought to extend includes Tentative Tract No. 3072, in unincorporated territory, Orange County, and adjoining territory, all to be known as Rossmoor and all as shown on the map Exhibit No. 2, filed at the hearing and as delineated thereon by a red line.

A public hearing on this matter was held before Commissioner Rex Hardy and Examiner Stewart C. Warner on November 20, 1956, at Los Angeles. The matter was consolidated

for hearing with an adjourned hearing on Application No. 37491 of Lakewood Water & Power Company for a certificate of public convenience and necessity to serve a large area in southwestern Orange County, including the area covered by the instant-captioned application. At said hearing Lakewood's counsel requested that its application be temporarily removed from the calendar, and said request was granted. Lakewood's counsel also withdrew a protest, filed on October 22, 1956, to the instant-captioned matter. No other application or protest was pending as applied to the territory which applicant seeks to serve. Application No. 37579 of Rancho Water Company to extend its service area in the vicinity of Springdale Avenue and Garden Grove Boulevard, Application No. 38238 of Rancho Water Company to sell its water system assets to Southern California Water Company, and Application No. 38388 of Dyke Water Company to extend its water system into Rancho's service area were also consolidated for hearing herewith. Application No. 37579 of Rancho was temporarily removed from the calendar at the request of applicant, and Applications Nos. 38238 of Rancho and 38388 of Dyke were continued to January 30, 1957. No evidence on the three last-mentioned matters was taken.

Although notice of the hearing was sent to the Assistant County Counsel, Orange County, said county made no appearance. However, by telephone conversation with applicant's counsel, the results of which were entered in the record of these proceedings, said county counsel stipulated that the county had no objection to the granting of the application provided that applicant would install a meter on the premises of each consumer.<sup>1/</sup>

<sup>1/</sup> In other hearings on Application No. 37172 and related matters, held during 1955, the Orange County Board of Supervisors had urged the Commission to require each applicant in said matters to install meters on all consumers' premises for water conservation purposes.

Effect of Decision No. 53856, Dated October 1, 1956,  
in Application No. 37172

By Decision No. 53856, dated October 1, 1956, in Application No. 37172, the Commission, among other things, created a sphere of operations for Southern California Water Company in southwestern Orange County which included an area west of Dale Street, south of Crescent Avenue, north of Garden Grove Avenue, and east of the Los Angeles-Orange County line, excluding therefrom the U. S. Naval Reserve Air Base at Los Alamitos, the lawful operations of public utility water companies in the area, and the lands of certain land owners which had been requested by said land owners to be excluded, all as shown on the map Appendix "A" attached to said decision.

Southern California Water Company was ordered by said decision not to extend its water system outside its certificated service area boundaries as shown on Appendix "A" (supra) without further order of the Commission.

Description of Proposed Area

As noted hereinbefore, the proposed area of the instant application includes the planned community to be known as Rossmoor. Said community, when fully developed, will comprise 1,067 acres of land containing approximately 4,000 homes, a market shopping center, 7 schools, parks, and a hospital. The area's location is south of Katella Avenue to Garden Grove Boulevard, west of Los Alamitos Boulevard and east of the proposed San Gabriel Freeway located close to and east of the Los Angeles-Orange County line.

The area is contiguous to applicant's Los Alamitos District service area and is immediately contiguous to its presently installed water system in said district on the north side of the proposed area at Katella Avenue, and on the east side thereof at Los Alamitos Boulevard. An 8-inch water main has been installed

by applicant in Los Alamitos Boulevard to serve construction water to Rossmoor. Said 8-inch main connects with an existing 8-inch main which is directly connected to applicant's Howard pumping plant in its Los Alamitos District.

Applicant proposes to extend its water system into Rossmoor in accordance with the terms of a water main extension agreement and a letter of agreement, a copy of each of which was attached to the application as Exhibit "B" and received in evidence as Exhibit No. 1. Said agreements provide, among other things, that the water main extension will be made by applicant according to the proportionate cost basis, and that water service will be extended to each unit of the subdivision as each unit is brought into being by the subdivider. The record shows that the first unit, comprising 101 homes, will be ready for occupancy in the latter part of January, 1957, and that the succeeding units will be completed thereafter in increments of 400 homes per unit. Completion of the subdivision within two years is expected.

#### Sources of Water Supply

The sources of water supply proposed by applicant for Rossmoor include applicant's existing wells and storage facilities in its Los Alamitos District, where water service is now being furnished to 848 consumers. Said existing facilities include three wells with a presently installed pumping plant capacity of 1,050 gallons per minute and an elevated storage tank with a capacity of 50,000 gallons. Applicant's witness, its vice president and manager of its Cypress-Los Alamitos-Stanton District, testified that the production capacity of one of the existing wells at the Howard pumping plant could be increased to 2,000 gallons per minute. Applicant also proposes to utilize and equip two wells to be acquired in the proposed area at the location shown in green on Exhibit No. 2,

and to drill and equip a new well at the location shown in red on said exhibit. The location and sizes of proposed pipeline installations are also shown on Exhibit No. 2.

Applicant's witness testified that although applicant had no firm plans for the importation and utilization of Metropolitan Water District water in Rossmoor, financial and engineering studies had been and were being conducted by applicant to determine the feasibility of effecting a connection with the Metropolitan Water District. Said District's nearest facilities are at the intersection of Dale Street and Katella Avenue about 4 miles east of Rossmoor, and applicant has engaged in preliminary discussion with representatives of the U. S. Navy for joining in the cost of extending a pipeline which would be of sufficient capacity to serve both the U. S. Naval Reserve Air Base at Los Alamitos and applicant's Los Alamitos District including Rossmoor.

Exhibit No. 5 is applicant's balance sheet, as of September 30, 1956, and its income statement for the calendar year 1956 to date, and the 12 months ended September 30, 1956. Said exhibit shows that applicant is financially able to extend its water system as requested in this application.

#### Rates

Applicant proposes to apply its presently filed rates and rules for its Cypress-Los Alamitos-Stanton District to Rossmoor. Said rates and rules were authorized to be filed by Decision No. 50573, dated September 21, 1954, in Application No. 34191. The record shows that a petition containing 352 names of applicant's consumers in the Los Alamitos District was filed with the Commission as an informal complaint by the Los Alamitos Chamber of Commerce on November 16, 1956, protesting the monthly charges for water service.

This petition is now receiving the attention of the Commission, and will be disposed of in accordance with the law and the facts.

The application now before us for decision is not, however, a rate application; the propriety of rates in the present Cypress-Los Alamitos-Stanton District is not at issue; and any order herein revising the rates complained of would be unsupported by the record and unlawful. Applicant seeks herein to apply those rates to a new area, and the customers or prospective customers to be served in this new area have voiced no objection to such rates. When these rates were sanctioned by the Commission in 1954, they were found to be reasonable and lawful. For purposes of this proceeding, and until the Commission, on a full review of the facts as they may appear at the time of such review, finds otherwise, they must be presumed still to be reasonable and lawful. They will, therefore, be extended to the new area herein to be certificated.

This Commission will be alert to require applicant to make any justified adjustments in its rates and to serve its customers at the lowest reasonable and lawful rates. Paragraph 4 of the order herein is inserted as the first step toward that end.

The territory which applicant seeks to serve does not lie within the certificated area or sphere of operations of any other water utility and applicant was actively negotiating to serve this territory prior to the date of the issuance of Decision No. 53856.

Findings and Conclusions

From a review of the record it appears that applicant's present sources of water supply in its Los Alamitos District, its proposed increased development thereat and additions thereto, its proposed acquisition and development of sources of supply within the proposed area, the fruition of its plans, tentative for the time being, for the importation and utilization of Metropolitan Water District water, together with its present and proposed storage and transmission and distribution pipeline facilities, are adequate to serve the entire proposed area.

The Commission finds and concludes that public convenience and necessity require that the application be granted, and that the restriction imposed against the extension of applicant's water system outside its sphere of operations created by Decision No. 53856, dated October 1, 1956, in Application No. 37172 (supra) without further order of the Commission, be lifted, and that applicant be authorized to extend its water system into Tentative Tract No. 3072, Orange County, and adjoining territory, the so-called Rossmoor Subdivision, and the order which follows will so provide. The lifting of said restriction shall not be construed otherwise than that it applies to the specific area authorized to be served. It is noted that this area is contiguous to applicant's presently certificated area on two sides; that it could not, under the principles enunciated in Decision No. 53856 and related decisions, be certificated to any water utility other than applicant; and that, had the need for service to the area been proved at the earlier hearings on Application No. 37172, the area would undoubtedly have been included in the territory assigned to applicant in

Decision No. 53865. The decision herein, on this supplemental application, is not, therefore, a deviation from the principles set forth in Decision No. 53865; but a strict application of those principles to a new situation.

O R D E R

First Supplemental Application as above entitled having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

- 1.a. That the restriction placed against Southern California Water Company's extension of its water system outside its spheres of operations without further order of the Commission, by Decision No. 53856, dated October 1, 1956, in Application No. 37172, be and it is lifted to the extent that Southern California Water Company be and it is authorized to extend its water system in its Los Alamitos District into Tentative Tract No. 3072, Orange County, and adjoining territory, the so-called Rossmoor Subdivision, as defined by a heavy red line on the map filed as Exhibit No. 2 at the hearing on November 20, 1956 in this proceeding.
- 1.b. That in all other respects Decision No. 53856 be and it is reaffirmed.
- 2.a. That Southern California Water Company, on and after the effective date hereof, is authorized and directed to charge in the area into which extension of applicant's water system is authorized herein, its presently filed schedule of rates for water service in its Cypress-Los Alamitos-Stanton District, and to apply in said area 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 area described herein, together with revised 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 on five days' notice to the Commission and to the public after filing as hereinabove provided.

- c. That applicant shall file, within forty days after the systems in the area described herein are placed in operation under the rates and rules authorized herein, four copies of comprehensive maps 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 properties of applicant.
- 3. 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.
- 4. That Southern California Water Company shall review its operations and earnings in its Cypress-Los Alamitos-Stanton District for the year 1957 and shall submit in writing to the Commission a report of such review on or before January 31, 1958.

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

Dated at San Francisco, California, this 18<sup>th</sup> day of December, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners