

Decision No. 58963

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of LFC WATER COMPANY, a corporation, for a certificate of public convenience and necessity to operate a public utility corporation in Las Flores Canyon (Los Angeles County) and to issue capital stock.

Application No. 40168

Gordon, Knapp, Gill & Hibbert, by H. C. Alphson,
for applicant.
Russell R. Law, of Las Flores Mesa Home Owners'
Association, protestant.
Chester O. Newman, for the Commission staff.

OPINION ON REHEARING

By Decision No. 57644, dated November 25, 1958, in Application No. 40168 and Case No. 5996, LFC Water Company was granted a certificate of public convenience and necessity to construct and operate a public utility water system in a certain designated area. Additionally, the decision prescribed rates and other conditions of service, and authorized the issuance of shares of stock.

On December 15, 1958, LFC Water Company filed a petition for rehearing upon the grounds that the territory granted by the certificate is too small, having a potential of but 18 users, and accordingly it cannot be successfully served by applicant.

Rehearing was held on April 30, 1959, in Los Angeles, before Examiner Grant E. Syphers, at which time evidence was adduced and the matter was submitted subject to the filing of a late-filed

exhibit. This late-filed exhibit now has been filed and the matter is ready for decision.

According to the pleadings and the testimony adduced, there is only one issue before us in this proceeding and that is whether or not the certificate granted to applicant should be limited to the existing area or should include an additional 44 acres. The existing certificated area consists of approximately 29 acres and has been subdivided into 18 lots. There are now 12 homes thereon. The lots in this subdivision are owned by individual owners. The Brunson Estate owns an additional 44 acres immediately adjacent to this subdivision which it now wants to subdivide. In order to accomplish this purpose, the Brunson Estate formed LFC Water Company which, to date, is merely a paper corporation. The reason for the formation of this water company was to furnish water to the property which the Brunson Estate intends to develop. A review of the history of the development activities of C. B. Brunson and, subsequent to his death, his estate, is set out in Decision No. 57644, supra.

The estate now is in probate and its activities and expenditures are subject to review by the Probate Court. The evidence discloses that the Probate Court has been critical of the development of the water company inasmuch as the estate has spent approximately \$15,000 thereon and to date the water has been furnished to property which now has no connection with the estate. Therefore, the applicant now requests that the certificate be extended to include an additional 44 acres which it intends to develop into 35 lots. The testimony shows that this development will be gradual

over a period of several years, and further shows that the estate is willing and able to add additional storage or drill additional wells as the needs of the system may demand.

The applicant submitted a study showing the tests of five wells which are not in the system, which study showed that these wells would produce 27.3 gallons per minute or 39,312 gallons per day. This study was questioned slightly by a witness for the Commission's staff who was present when some of the tests were made, and who concluded that the wells would produce a total of 24.27 gallons per minute which amounts to a total of 34,949 gallons per day. In either event we now find that the supply of water is more than adequate to supply the existing certificated territory.

There was testimony presented as to the source of the water supply which pointed out that this area is in a drainage basin which consists of only about 300 acres. However, it was conceded that the principal source of water is not from the rainfall in this drainage basin, but is from underground sources. Furthermore, the most impressive testimony was as to the actual well tests which were made and which, according to the company, showed the wells will produce 39,312 gallons per day, and, according to the staff, 34,949 gallons per day. The offer of the applicant is unqualified to the effect that it will provide additional storage and drill for additional wells should the need arise.

Under these conditions and considering the testimony to the effect that a water system with but 18 potential users is uneconomic, and further considering the undisputed testimony that the present water system is sufficient to supply approximately 30 users, we now find that the applicant should be permitted to extend its certificated area and to provide service to not to exceed a total of 30

users until such time as it shall add additional storage and secure additional sources of water supply and secure from the Commission authority so to do. We further find that such extension under these conditions is warranted by public convenience and necessity.

The ensuing order will authorize certification to include the additional 44 acres. Other than this, we hereby adopt the findings and conclusions of Decision No. 57644, supra.

ORDER ON REHEARING

Rehearing having been held and the Commission having made the foregoing findings,

IT IS ORDERED that the order in Decision No. 57644, issued on November 25, 1958, is amended to read as follows:

1. (a) That LFC Water Company, a corporation, be and it hereby is granted a certificate of public convenience and necessity to construct and operate a public utility water system to provide service in the area described in Appendix "A" attached hereto.

(b) That applicant shall not extend service outside of its certificated area without further order of this Commission and shall not provide service to a total of more than 30 consumers unless and until it shall have furnished satisfactory evidence to this Commission that it has provided additional storage and secured an additional water supply and shall have secured authority from this Commission so to do.

2. That applicant is authorized and directed to file, after the effective date of this order, the rates set forth in Appendix "B" attached hereto, to be effective on and after August 1, 1959, together with rules acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates and rules 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 sixty days after the effective date of this order, four copies of a tariff service area map acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

4. That applicant shall, within sixty days after the effective date of this order, file 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.

5. Beginning with the year 1959, applicant shall determine depreciation expense by multiplying the depreciable utility plant, exclusive of plant provided through contributions in aid of construction, by a rate of 4.0%. This rate shall be used until review indicates that it should be revised. Applicant shall review the depreciation rate, using the straight-line remaining life method when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

6. That applicant shall, when additional meters are installed on the system, use dials on such meters which show registration in cubic feet rather than in gallons, and that upon repairing of present meters they shall be converted so that their dials read in cubic feet rather than in gallons.

7. That LFC Water Company is authorized to issue not to exceed 4,170 shares of its capital stock, each share having a stated par

value of \$10 for a maximum total of not to exceed \$41,700 to Larry Pringle as executor of the will and estate of C. B. Brunson, 3,920 of such shares to be in exchange for the water system properties, materials, supplies and working cash, and 250 shares to be exchanged for cash. The Commission is of the opinion that the money, property, or labor to be procured or paid for by the issue of the stock and indebtedness herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. ✓
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8. That LFC Water Company shall file with the Commission a report, or reports, as required by General Order No. 24-A.

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

Dated at San Francisco, California, this 1st day of September, 1959.

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

Those portions of Section 35, Township 1 South, Range 17 West, San Bernardino meridian, in the County of Los Angeles, State of California, described as follows:

PARCEL 1:

That portion of Parcel 1, in the County of Los Angeles, State of California, as shown on Record of Survey, filed in book 66 page 3 of Record of Surveys, in the office of the county recorder of said county, lying northerly of the following described line:

Beginning at a point on that certain course in the southeasterly boundary of Lot 93 of Tract No. 12634, as per map recorded in book 260 pages 25 to 27, inclusive of Maps, records of said county, having a bearing of North $25^{\circ} 25' 13''$ east and a length of 170.90 feet, said point being distant on said course North $25^{\circ} 25' 13''$ east 20.01 feet from the southerly corner of said lot 93; thence leaving said boundary, South $69^{\circ} 27' 39''$ east 182.30 feet; thence North $87^{\circ} 52' 00''$ east, 20.00 feet, to the northerly end of that certain course in the easterly boundary of said Parcel 1, of said Record of Survey, having a bearing of North $2^{\circ} 08'$ west and a length of 115.84 feet.

PARCEL 2:

Parcel 2 in the County of Los Angeles, State of California, as shown on a Record of Survey filed in book 66 page 3 of Record of Surveys, in the office of the county recorder of said county.

PARCEL 3:

Beginning at the northeasterly corner of the land described in deed, Nairne S. Rivers, et ux., recorded in book 35870 page 211 of Official Records of said county; thence along the northerly prolongation of the easterly line of said described land North $0^{\circ} 01' 20''$ east 865.00 feet; thence North $68^{\circ} 40' 56''$ west 165.90 feet; thence South $57^{\circ} 53' 50''$ west 85.16 feet to the beginning of a tangent curve concave southeasterly and having a radius of 200.00 feet; thence southwesterly along said curve 110.52 feet; thence tangent to said curve South $26^{\circ} 14' 02''$ west 50.71 feet to the beginning of a tangent curve concave northwesterly and having a radius of 180.00 feet; thence southwesterly along said curve 93.51 feet; thence tangent to said curve South $55^{\circ} 59' 55''$ west 127.52 feet to the beginning of a tangent curve concave northwesterly and having a radius of 160.00 feet; thence southwesterly along said curve 92.63 feet; thence tangent to said curve South $89^{\circ} 10' 10''$ west 76.18 feet to the beginning of a tangent curve concave southeasterly and having a radius of 220.00 feet; thence southwesterly along said curve 126.12 feet; thence tangent to said curve South $56^{\circ} 19' 23''$ west 48.30 feet to the beginning of a tangent curve concave northerly and having a radius of 100.00 feet; thence westerly along said curve 85.58 feet; thence

tangent to said curve North $74^{\circ} 38' 37''$ west 112.57 feet to the beginning of a tangent curve concave southerly and having a radius of 170.00 feet; thence westerly along said curve 130.10 feet to a point; thence along the prolongation of a radial to said curve at said point, North $28^{\circ} 29' 24''$ west 95.88 feet; thence South $63^{\circ} 46' 05''$ west 82.06 feet; thence North $39^{\circ} 14' 03''$ west 105.86 feet; thence South $38^{\circ} 18' 19''$ west 124.89 feet; thence South $80^{\circ} 08' 39''$ west 50.58 feet; thence South $85^{\circ} 01' 32''$ west 46.27 feet; thence South $58^{\circ} 00' 00''$ west 52.03 feet; thence South $75^{\circ} 39' 20''$ west 39.60 feet; thence South $59^{\circ} 05' 13''$ west 93.25 feet; thence South $81^{\circ} 10' 47''$ west 273.72 feet; thence South $57^{\circ} 23' 26''$ west 178.50 feet; thence South $64^{\circ} 17' 47''$ west 141.30 feet; thence South $54^{\circ} 16' 53''$ west 93.85 feet, more or less, to a point in the curved northerly boundary of parcel 1 as shown on said Record of Survey filed in book 66 page 3 of said Record of Surveys; thence southerly along the easterly boundary of said parcel 1 to the northwesterly corner of parcel 2, as shown on said Record of Survey described in book 66 page 3 of said Record of Surveys; thence in a generally southeasterly direction along the boundary of parcels 2, 3, 4 and 5 as shown on said Record of Survey to the most easterly corner of said parcel 5; thence leaving said boundary, along the northwesterly boundary of said land of Rivers, described in book 35870 page 211 of said Official Records, North $47^{\circ} 19' 10''$ east 1103.22 feet and South $71^{\circ} 58' 40''$ east 310.20 feet to the point of beginning.

APPENDIX B

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Las Flores Mesa and vicinity, located in Las Flores Canyon near U. S. Highway 101 and approximately 9 miles north of the City of Santa Monica, Los Angeles County.

RATES

Per Meter
Per Month

Quantity Rates:

First	500 cu.ft. or less	\$ 5.00
Over	500 cu.ft., per 100 cu.ft.75

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 5.00
For	3/4-inch meter	7.50
For	1-inch meter	10.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.