

ORIGINAL

Decision No. 60327

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 territories in Orange County and for an order preliminary to issuance of certificate of public convenience and necessity for exercise of franchise rights.

Application No. 42076
Amended

O'Melveny & Myers, attorneys, by Donn B. Miller, for the applicant.
C. A. Bauer, city attorney, Doyle Miller, city administrator, Delbert Higgins, fire chief, and James Wheeler, city engineer, for the City of Huntington Beach, interested party.
Earl W. Grow, hydraulic engineer, for the Commission staff.

O P I N I O N

Southern California Water Company, a corporation, by the above-entitled application, filed March 24, 1960, as amended April 19, 1960, seeks a certificate of public convenience and necessity to extend its water system in the City of Huntington Beach in the area shown in blue on the map, Exhibit A, page 1, attached to the amendment to the application and in unincorporated territory of Orange County in a strip lying east of Los Alamitos Boulevard north of the prolongation of the southerly limits of the U. S. Naval Reserve Air Base to Farquhar Avenue designated as Area B and shown in blue on the map, Exhibit B, page 2, attached to the amendment to

the application.^{1/} The locations of Areas A and B, in relation to the areas certificated to applicant by Decision No. 53856, dated October 1, 1956, in Application No. 37172, and by Decision No. 54303, dated December 18, 1956, in Application No. 37172, First Supplemental, shown in green, together with the area within said certificated areas now being served by applicant, shown in left-slanted cross-hatching, are further delineated on the map, Exhibit No. 4 filed at the hearing.

A public hearing was held before Examiner Stewart C. Warner on May 19, 1960, at Huntington Beach. No protests to the granting of the application were entered. Officials of the City of Huntington Beach who appeared were interested in the extent of fire protection service proposed to be offered by the applicant in Area A.

By Decisions Nos. 53856 and 54303, supra, the applicant was ordered not to further extend its water system beyond the boundaries of the areas certificated to it by said Decisions without further order of the Commission. The instant application seeks a lifting of said restrictive order to permit the applicant to extend into Areas A and B which are, in each instance, contiguous to areas certificated to applicant by said Decisions.

Area A

This area lies entirely inside the boundaries of the City of Huntington Beach. It consists of two subdivisions, viz., Tract No. 3534 of 18 lots, and Tract No. 3126 of 34 lots, and an additional area rounded out by a portion of the easterly city limits boundary.

^{1/} By its letter dated May 26, 1960, applicant withdrew that portion of the application seeking authority to extend into Area C in the City of Cypress.

Exhibits Nos. 5 and 6 are copies of letters dated February 12, 1960 and May 18, 1959, respectively, from subdividers of Tracts Nos. 3534 and 3126 requesting water service by the applicant to said tracts. The record shows that the applicant has already increased operating pressures available to the immediate vicinity of Area A by 9 psi through the installation of a variable-speed booster at its Huntington Beach reservoir. Applicant's president testified that applicant had budgeted, during 1960, an amount of approximately \$25,000 for the installation of a 12-inch transmission main to Area A, but that the Water Department of Huntington Beach had paralleled applicant's pipe lines on Main Street northerly to Garfield, thence northeasterly to Five Points. Said witness testified that this action of the City had caused the applicant to reconsider the prudence of its budgeted investment in the face of possible competition from the City in the future. The applicant proposes to install its water system, including fire hydrants, in Area A in accordance with the requirements of General Order No. 103.

Area B

This area lies immediately across Los Alamitos Boulevard from the subdivision known as Rossmoor certificated to the applicant by Decision No. 54303, supra. Exhibit No. 7 is a copy of a letter dated May 18, 1960, from Luxury Homes, Inc., confirming that it had installed and conveyed to applicant the water system in Tract No. 3368 in the Los Alamitos area which comprises the portion of Area B lying north of Orangewood Avenue. Said Exhibit states that the said installation and conveyance were done at Luxury's request as it was desirous of having applicant provide water service to said Tract. Exhibit No. 8 is a copy of a letter dated February 26, 1960, from Ross W. Cortese, president of Rossmoor, requesting the applicant to

provide domestic water service and fire protection to Rossmoor property fronting on the east side of Los Alamitos Boulevard from Orangewood to 900 feet south of Bradbury and extending easterly to the U. S. Naval Air Station property. The record shows that Rossmoor intends to develop this property by the construction of apartment houses.

Rates

Applicant proposes to apply its presently filed Huntington Beach District tariffs to Area A, and its presently filed Cypress-Los Alamitos-Stanton District tariffs to Area B.

Financial Responsibility

Exhibit No. 9 is a copy of applicant's balance sheet as of April 30, 1960, and a comparative summary of net income for the month of April, 1960; for the calendar year 1960 to April 30, 1960; and for the 12 months ended April 30, 1960. Said balance sheet shows applicant's cash on hand as of that date in the amount of \$964,403, current assets including cash in the amount of \$1,995,818, and current liabilities in the amount of \$1,476,184. The record shows that applicant has a general line of credit with Harris Trust Company of Chicago in the amount of \$2 million.

Operating Data

Exhibit No. 10 is a report of operating data and statistics submitted by the applicant on its Huntington Beach and West Orange (Cypress-Los Alamitos-Stanton) Districts. Said exhibit contains an organization chart as of May 1, 1960, schedules of water production and water facilities in the Huntington Beach and West Orange Districts, schedules of the footage of distribution mains by size and kind as of December 31, 1959, in said Districts, and certain statistics applicable to each District.

As of December 31, 1959, applicant was furnishing water service to 2,588 customers in its Huntington Beach District; four wells were in operation; and operating revenue per average number of customers amounted to \$65.27. As of December 31, 1958, the applicant was furnishing water service to 4,829 customers in its West Orange District and this number had increased to 6,404 by December 31, 1959; 18 wells were in operation; and operating revenue per average number of customers for the year 1958 amounted to \$57.25, and, for the year 1959, amounted to \$63.91.

Exhibit No. 10 also contains a description of the areas requested herein, and copies of the applicant's general metered service tariffs for its Huntington Beach and Cypress-Los Alamitos-Stanton tariff areas.

Findings and Conclusions

It is found as a fact and concluded that public convenience and necessity require that the application of Southern California Water Company for a certificate of public convenience and necessity covering Areas A and B in the City of Huntington Beach, and in unincorporated territory of Orange County in the vicinity of the City of Los Alamitos, be granted. No showing of public convenience and

necessity having been made for any area outside the boundaries of said Areas, the order which follows will provide that the applicant shall not extend its water system outside said boundaries without further order of the Commission.

The certificate of public convenience and necessity granted hereinafter shall be subject to the following provision of law:

That 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.

Applicant will be authorized by the order hereinafter to apply its presently filed Huntington Beach District tariffs to Area A, and its presently filed Cypress-Los Alamitos-Stanton District tariffs to Area B.

O R D E R

Application as above entitled, as amended, 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 Southern California Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to extend its water system and to construct and operate a public utility water system in Area A as shown on the map, Exhibit B, page 1, attached to the amendment to the application, and in Area B as shown in Exhibit A, page 2, attached to the amendment to the application, and as more particularly described on page 9 of Exhibit No. 10.
- b. That applicant shall not extend its water system outside the boundaries of Areas A and B without further order of the Commission.

- 2. a. That applicant be and it is authorized to apply its presently filed Huntington Beach District tariffs throughout Area A, and its presently filed Cypress-Los Alamitos-Stanton District tariffs throughout Area B.
- b. That applicant is authorized and directed to revise, within twenty days after the effective date of this order and in conformity with General Order No. 96, such of its tariff schedules, including tariff service area maps acceptable to this Commission, as are necessary to provide for the application of its Huntington Beach District tariff schedules to Area A, and its Cypress-Los Alamitos-Stanton District tariff schedules to Area B, as authorized herein. Such revised tariff sheets shall become effective upon five days' notice to the public and this Commission after filing as hereinabove provided.
- 3. That applicant shall file, within thirty 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 the applicant in and relating to Areas A and B.

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

Dated at San Francisco, California, this 28th day of June, 1960.

President

(Signature)

Commissioners

(Signature)

(Signature)

(Signature)

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.