

**ORIGINAL**

Decision No. 60650

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 Los Angeles County.

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Application No. 42169  
(Amended)

O'Melveny & Myers, by Donn B. Miller, for applicant.  
Henry E. Jordan, chief engineer-secretary, Bureau of Franchises and Public Utilities, for the City of Long Beach.  
C. Kenyon Wells, assistant manager, for the Long Beach Water Department; and John A. Erickson, president, for County Water Company; protestants.  
Richard R. Entwistle, accountant, and Jerry J. Levander, engineer, for the Commission staff.

O P I N I O N

Southern California Water Company, a corporation, by the above-entitled application, filed April 19, 1960, as amended May 24, 1960, seeks a certificate of public convenience and necessity to extend, construct and operate its public utility water system in Area A, shown in red, and Area B, shown in blue, as delineated on the map Exhibit B attached to the application, in Increments Nos. 142 and 155 of the City of Long Beach and in portions of the Cities of Artesia and Dairy Valley and in unincorporated territory of Los Angeles County.

A public hearing was held before Examiner Stewart C. Warner on July 13, 1960. The City of Long Beach protested the granting of the application for Area A, and County Water Company, a public utility water company, protested the granting of the application for the portion of Area B surrounding the Area No. 3 shown on the map Exhibit B, supra. The City of Dairy Valley, by a letter to applicant dated July 12, 1960, introduced as Exhibit No. 6, supported the application. The matter was submitted on the hearing date subject to the receipt, on or before July 20, 1960, of late-filed Exhibits Nos. 2 and 9. Said Exhibits have been received, and the matter now is ready for decision.

Area A

Area A includes proposed Tracts Nos. 25564 (shown on Exhibit No. 15 in yellow) and 25565 (shown on Exhibit No. 15 in buff) within Increments Nos. 142 and 155 of the City of Long Beach. Said Increments were approved by the Secretary of State on July 5, 1960. They will become officially annexed to the City of Long Beach upon their recordation by the City with the County of Los Angeles. The location of said Tracts within the boundaries of said Increments is shown on the map Exhibit No. 15 filed at the hearing; also shown is the relation of said Tracts and Increments to the total Area A.

Also included in Area A, and immediately contiguous on the east thereof to Annexations Nos. 142 and 155, but outside either the present city limits or any proposed annexations, is Tract No. 24709, which comprises 238 lots, and which is being

developed by Emblem Homes, Inc. Exhibit No. 1 is a copy of a letter dated February 22, 1960, from Emblem to the applicant requesting domestic water service and fire protection in said Tract. Exhibit D attached to the amendment to the application shows the distribution system proposed to be installed in said Tract by the applicant. The record shows that although Area A is bounded on the south and on the east by area certificated to the applicant in Orange County, Tract No. 24709 is not contiguous to any service area of the applicant and its water supply and water system would be independent, at least for the time being, of any of applicant's presently installed water system facilities. The applicant proposes to acquire an existing well located on Lot 70 in Tract No. 24709, which was test pumped by the applicant to produce 750 gallons per minute with a specific yield of 20 gallons per foot of drawdown.

A witness for the City of Long Beach testified that its Water Department was ready, willing, and able to serve Area A, but, upon cross-examination, testified that its nearest presently installed water system facilities were located at Spring Street on the west side of the San Gabriel River; that it was not prepared to furnish water service to Tract No. 24709 within thirty days; and that if requested by S & S Construction Company, the probable developer of Tracts Nos. 25564 and 25565, supra, it could commence water service thereto sometime in September 1960, but that no contract for such water service had been made with said company.

A witness for Emblem Homes, Inc., its vice-president, testified that grading operations have started in Tract No. 24709, supra, and that water service thereto was immediately required.

Area B

Area B generally bounded on the south by Carson Street, on the east by the Los Angeles County line, on the north by Artesia Avenue, and on the west by the San Gabriel River, includes small certificated service areas of Park Water Company, shown in green as Area 2, Suburban Mutual Water Company, a public utility water corporation, shown in green as Area 3, Monterey Acres Mutual Water Company, shown in green as Area 4, City Farms Tract Water Association, shown in green as Area 5, and Beck Tract Mutual Water System, shown in green as Area 6, all on the map Exhibit B, supra.

Applicant's presently certificated area together with its present service areas, which comprise 89 percent of the water service being furnished within the proposed Area B, are also shown on Exhibit B. About 30 to 35 percent of Area B lies within the City of Dairy Valley. Said City was incorporated by dairy owners, and the predominant zoning in said City is A-5, with a minimum lot size of five acres.

Exhibit No. 8 shows that the applicant was furnishing water service in its Artesia District to 3,823 customers as of June 1, 1960; that the total capacity of the nine wells in said area is 4,550 gallons per minute; that total storage capacity is 850,000 gallons of which 750,000 gallons are reservoir and

100,000 gallons are elevated; and that the applicant is negotiating for the purchase of two wells in Area A (in addition to the well in said area heretofore mentioned as the proposed water supply for said area) with a total estimated production capacity of 1500 gallons per minute. The record shows that said latter two wells are located within the boundaries of Increments Nos. 142 and 155 in the City of Long Beach.

Exhibit No. 2 is a copy of a letter from Emblem Homes, Inc., dated July 15, 1960, requesting applicant to provide domestic water service and fire protection to Tract No. 24859, the location of which is shown on the map Exhibit No. 3 filed at the hearing. Exhibit E attached to the application as amended shows the distribution facilities proposed to be installed by applicant in said Tract together with the installation and connection of said facilities to applicant's present distribution system in its Artesia area of its Central Basin District.

Although applicant's vice-president and division manager of its Central Basin District testified that, by the granting of the application with respect to Area B, applicant would be able to draw up a master plan for the supplying, storage, transmission and distribution of water for the area; that such plan would enable applicant to more economically expand and operate its facilities in its Artesia Area by the spreading of overheads and fixed costs; and that savings in the cost of filings of applications such as the instant one could be effected, no other firm water service requirement than to Tract No. 24859 and the City Farms Tract Water Association area, existed as of the date of hearing, and the record discloses no other such requirement. The City Farms

Tract Water Association area is designated as Area 5 and is shown in green on the map attached to the application as Exhibit B. Water service already is being furnished by applicant on an emergency basis, at the request of members of City Farms Tract Water Association.

Rates

Applicant proposes to apply its presently filed tariffs for its Central Basin tariff area, Artesia-Norwalk zone, to Areas A and B.

Financial Capabilities

Financial capabilities are shown by Exhibit No. 7 which is a copy of applicant's balance sheet as of May 31, 1960, and a comparative summary of net income for the months of May 1960 and 1959; the calendar year to May 31 this year and last year, and the 12 months ended May 31, 1960 and 1959.

Findings and Conclusions

From a careful review of the record the Commission finds as a fact and concludes that public convenience and necessity require that the application be granted in part and denied in part. As to Area A, the order which follows will grant the application covering Area A insofar as it pertains to Tract No. 24709 and all other territory in said Area outside of Increments 142 and 155 of the City of Long Beach, which said portions of the application covering Area A, will be denied.

As to Area B, the application will be granted for that portion thereof pertaining to Tract No. 24859 and applicant's present service areas as delineated on the map Exhibit B attached to the application, and also to the City Farms Tract Water Association area delineated thereon, but for no other portion.

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.

The order which follows will authorize applicant to apply its presently filed Central Basin tariff area, Artesia-Norwalk zone tariff rates, to the areas certificated hereinafter.

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. That Southern California Water Company, a corporation, be and it is granted a certificate of public convenience and necessity to extend, construct and operate its public utility water system in Tract No. 24709 and all other territory in Area A outside Increments Nos. 142 and 155 of the City of Long Beach in unincorporated territory of Los Angeles County, as said Area A is delineated on the map Exhibit B attached to the application, and in Tract No. 24859 in Area B in unincorporated territory of Los Angeles County and in its present service areas as delineated by right-handed cross hatching on the map Exhibit B attached to the application and also to Area 5 shown in green on said exhibit.
2. a. That applicant be and it is authorized to apply its presently filed Central Basin tariff area, Artesia-Norwalk zone tariffs, to the areas certificated herein.
- b. That applicant is authorized and directed to revise, within thirty days after the effective date of this order and in conformity with General Order No. 96, such of its tariff schedules, including a tariff service area map acceptable to this Commission, as are

2. b. (continued)

necessary to provide for the application of its tariff schedules to the areas certificated herein. Such 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 properties of the applicant in the areas certificated herein.

4. That in all other respects the application be and it is denied.

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

Dated at San Francisco, California this 30<sup>th</sup> day of August, 1960.

*Frederick W. ...*  
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President  
*Walter E. ...*  
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*Walter E. ...*  
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*D. Lynn Tol*  
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Commissioners

Commissioner Theodore H. Jenner, being necessarily absent, did not participate in the disposition of this proceeding.