

ORIGINAL

Decision No. 67599

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SAN GABRIEL VALLEY WATER COMPANY for)
 a certificate of Public Convenience)
 and Necessity to furnish water service)
 in territory partly within the City of)
 Industry, and partly in unincorporated)
 territory in Los Angeles County, and)
 adjacent to areas presently served by)
 San Gabriel Valley Water Company.)

Application No. 46282
 (Filed March 11, 1964)

In the matter of the Application of)
 SUBURBAN WATER SYSTEMS, a California)
 corporation, for a certificate of)
 public convenience and necessity to)
 extend its water system operations)
 in the City of Industry, and)
 unincorporated area within Los)
 Angeles County.)

Application No. 46591
 (Filed April 24, 1964)

Brobeck, Phleger & Harrison by Robert N. Lowry, and John E. Skelton, for applicant San Gabriel Valley Water Company, and protestant to Application No. 46591.
 Guy, Smith & Wahl by Arthur D. Guy, Jr., and Walker Hannon, for applicant Suburban Water Systems, and protestant to Application No. 46282.
 Schumacher & Hale by Frederick R. Schumacher, for Frank F. Pellissier & Sons, Inc., and Clayton Mutual Water Company, protestants to Application No. 46282, and interested parties in Application No. 46591.
Richard Hassenplug, for City of Industry, protestant to Application No. 46282.
Jerry J. Levander, Robert C. Durkin, and C. Strelinski, for the Commission staff.

C O P I N I O N

San Gabriel Valley Water Company (San Gabriel) seeks a certificate of public convenience and necessity to extend,

construct and operate its water system in approximately 630 acres of territory in unincorporated territory of Los Angeles County and in a portion of the City of Industry. The area sought, delineated by a red line, and the water system proposed to be extended and constructed are shown on the map, Exhibit No. 2.^{1/} Also shown are the boundaries of San Gabriel's presently certificated area in the vicinity, delineated in blue; the portion of the property of Frank F. Pellissier & Sons, Inc., (Pellissier), covered by the application, colored in green; the United States Government property; the Lucy Pegorari, Julius E. and Erna M. Comby, and Nancy R. Elizondo properties, and the larger existing mains in the area. Authority to serve the Los Angeles County (County) Equestrian and Camping Area and Rio Hondo Junior College (Rio Hondo) is specifically sought pursuant to requests for water service received by San Gabriel.

Suburban Water Systems (Suburban) seeks a certificate of public convenience and necessity to extend, construct and operate its public utility water system in the area, delineated by a blue line, as shown on the map, Exhibit "A", attached to its application. The area sought is the County Equestrian and Camping Area and Rio Hondo; it excludes the Pellissier and other properties covered by San Gabriel's application.

Public hearings on Application No. 46282 were held on April 14 and 27, 1964, and on Application No. 46591 on May 25, 1964, before Examiner Warner at Los Angeles. The record on the former hearings was incorporated by reference in the record on the latter hearing.

^{1/} Exhibits in Application No. 46282 are numbered 1 through 15. Exhibits in Application No. 46591 are numbered 101 through 104.

Pellissier and Clayton Mutual Water Company (Clayton), a mutual water company incorporated on April 6, 1964, by Pellissier, protested San Gabriel's application insofar as it applied to the Pellissier property and asked that said property be excluded from any certificate which might be granted to San Gabriel. They took no position, except as interested parties, with respect to Suburban's application.

City of Industry supported Pellissier and Clayton's protest, but offered no evidence. It entered no appearance at the hearing on Suburban's application.

By Decision No. 29954, dated July 16, 1937, in Application No. 21250, and Decision No. 45277, dated January 16, 1951, in Applications Nos. 31616 and 31766, Amended, San Gabriel's predecessor, San Gabriel Water Service, was granted certificates of public convenience and necessity covering the portion of its present El Monte District along the San Gabriel River on the south side thereof in the vicinity of the Whittier Narrows Dam shown on Exhibit No. 2. Suburban's predecessor, Whittier Water Co., by Application No. 31766, Amended, supra, had applied for a certificate covering the area shown on Exhibit No. 2 sought by San Gabriel in Application No. 31616, supra.

Suburban's Bartolo Well Field, as shown on Exhibit "A" of Application No. 46591, is located at the west side of the County Equestrian and Camping Area and comprises approximately 90 acres. The wells have a production capacity of approximately 12,000 gallons per minute, and a 36-inch main, and mains of lesser size, transport water from source, one of Suburban's two principal sources of water supply, to Suburban's Whittier service area. Service to ✓

Pellissier Dairy for a watering trough in the Equestrian area has been furnished by Suburban and its predecessor for a long time. Service to United States Army Corps of Engineers and Shepherd Machinery Company from said mains was specifically authorized to Suburban by Decision No. 52574, dated February 7, 1956, in Application No. 37435. Service by Suburban's predecessor to a rest home and to Mills School along Workman Mill Road near Rose Hills Memorial Park, and service to any other customers being furnished from either its Bartolo or Bassett well fields' transmission mains, which antedated Decision No. 45277, supra, was specifically authorized to be continued by said decision. On April 23, 1964, Suburban commenced serving construction water to Baxter Contractors for the grading of the Rio Hondo Junior College property from California-Domestic Water Company's (Cal-Domestic) 48-inch transmission line which, pursuant to a long-standing agreement, transports up to 2,500 gallons per minute of Suburban's water produced at the latter's Bassett wells. Said service was asserted to be a temporary emergency connection.

Decision No. 58716, dated July 7, 1959, in Application No. 40628, First Supplemental, and Application No. 40954, in paragraph 3 of the order thereof, provided that suburban should not "further extend public utility service as a water corporation outside of its presently certificated service area pursuant to Section 1001 of the Public Utilities Code, or otherwise, without first applying for and receiving authorization so to do from this Commission by appropriate order." This provision is still in effect. At the May 25 hearing, Suburban amended its instant application by a request to furnish the temporary emergency construction water service to Rio Hondo's contractor.

Exhibit No. 3 is San Gabriel's proposal to Rio Hondo, dated March 10, 1964, and Exhibit No. 4 is Rio Hondo's approval, with modification of terms with respect to land for a reservoir site, dated March 30, 1964. The total cost of facilities proposed by San Gabriel to extend service is \$165,000; including the installation of 7,000 feet of 16-inch main from Kathleen Street and the San Gabriel River Freeway to a reservoir within the college site at 600 feet elevation; the installation of 3,000 feet of 8-inch main within the college grounds; the installation of ten 6-inch fire hydrants on the college grounds; and the installation of a 1,000,000-gallon steel reservoir. The proposal and costs also include land and the grading and compacting thereof for a reservoir site, and a 50 H.P. booster pump. It is proposed that Rio Hondo pay San Gabriel the sum of \$116,000, plus a grant deed to the reservoir site and easements. Rio Hondo prefers that, rather than deeding the reservoir site to San Gabriel, it grant the latter an easement therefor. San Gabriel will construct the proposed facilities with the funds deposited and with approximately \$39,000 of other funds. Refunds will be made annually in the amount of 22 per cent of the revenues received from customers supplied through service connections attached directly to the water mains installed, including service furnished to Rio Hondo, with a limitation of \$50,000 in total refunds. The proposed agreement constitutes a deviation from San Gabriel's Main Extension Rule No. 15 and authority to deviate therefrom is sought herein. San Gabriel proposes to apply its El Monte Division rates for water service to the college, except that individual meter readings will be combined for billing.

Exhibit No. 10 is County's request, dated April 21, 1964, for a 2-inch diameter water service connection crossing Peck Road from San Gabriel's 16-inch diameter main to the west of the street

property line of County's Equestrian and Camping Area at the Whittier Narrows Dam recreational area. The record shows that this service connection has been effected.

Clayton, organized and solely owned by Pellissier, proposes to furnish water service from its Clayton well and reservoir and through reinforced concrete and other pipe lines and water system facilities installed, and proposed to be installed, to lessees of the Pellissier properties. It proposes to serve not only the Pellissier properties covered by San Gabriel's application, but all of the Pellissier properties in this area which comprise a total of some 1,600 acres of undeveloped land. The terms and conditions of and rates for water service to said lessees have not been determined by Clayton. No stock issue by Clayton has been authorized and plans for water service by Clayton are incomplete. Nevertheless, Clayton's position with respect to San Gabriel's application is that it desires to be the exclusive water purveyor to Pellissier.

Exhibit No. 101 is County's request, dated April 29, 1963, to Suburban for information regarding the location and sizes of wells and pipes in Suburban's Bartolo Well Field from which a 10-inch water service connection to serve the Equestrian and Camping Area, which would meet fire flow requirements of from 1,500 to 2,000 gallons per minute at 20 pounds psi residual pressure, could be made.

Exhibit No. 102 is Suburban's proposal, dated May 19, 1964, to Rio Hondo that it furnish water service to it from a connection on Cal-Domestic's 48-inch transmission main through a

booster station to be installed at the lower extremity of the college property where the transmission main traverses it. Rio Hondo would be required to advance \$28,200. Said sum includes the cost of installation of 3,250 feet of 12-inch and 3,250 feet of 8-inch main and 10 fire hydrants and a 1,000,000 gallon reservoir, plus \$1,022 of the total costs of a booster station installation of \$11,022. Suburban would absorb \$10,000 of the booster station cost. The advance would be refunded at the rate of 22 per cent of the annual gross revenues derived from service to the junior college.

Exhibit No. 103 is Rio Hondo's reply, dated May 22, 1964, stating that Rio Hondo would be guided by this Commission's decision herein. Suburban proposes to install a 24-inch connection between its Bartolo transmission main and Cal-Domestic's 48-inch main at Pioneer Boulevard and Workman Mill Road, and may extend its 6-inch main in Workman Mill Road northeasterly from the Mills School to the Rio Hondo booster. These installations and extensions would provide the college with stand-by service in the event of the shutdown of the Cal-Domestic transmission main from the Bassett wells. Suburban proposes to apply its Whittier District tariffs to the proposed service to Rio Hondo and to County.

Rio Hondo's water service requirements and consumption are estimated to be between 600,000 and 800,000 cubic feet per month. The following tabulation compares San Gabriel's charges

for water service in its El Monte Division with Suburban's charges in its Whittier Tariff Area:

COMPARISON OF CHARGES FOR WATER SERVICE

Exhibit No. 104

<u>Quantity Per Month Cu. Ft.</u>	<u>San Gabriel Valley Water Co. (1)</u>	<u>Suburban Water Systems (2)</u>
800	\$ 2.10	\$ 2.50
5,000	7.17	10.96
10,000	12.17	18.46
50,000	52.17	69.46
100,000	102.17	129.46
200,000	202.17	249.46
400,000	402.17	489.46
600,000	602.17	729.46
800,000	802.17	969.46
1,000,000	1,002.17	1,209.46

- (1) San Gabriel Valley Water Company's El Monte Division's General Metered Schedule.
- (2) Suburban Water System's Whittier Tariff Area Metered Schedule.

Based upon the evidence, the Commission finds that:

1. San Gabriel Valley Water Company is a public utility water corporation under the jurisdiction of this Commission; it has been granted certificates of public convenience and necessity to extend, construct and operate its water system south of the San Gabriel River near the Whittier Narrows Dam in unincorporated territory of Los Angeles County; no restriction against San Gabriel's extending its water system outside its certificated area boundaries, pursuant to the provisions of Section 1001, or otherwise, has been imposed on San Gabriel; the area covered by

San Gabriel's instant application is contiguous to its presently certificated area.

2. San Gabriel has been requested by Los Angeles County to provide a 2-inch service to the County's Equestrian and Camping Area, and such service has been effected. Rio Hondo Junior College has approved San Gabriel's proposal for service to it. Such proposal would require an advance by Rio Hondo of \$116,000, of which \$50,000 would be refundable. No service to any of the balance of the area covered by the application has been requested of San Gabriel, and Frank F. Pellissier & Sons, Inc., has requested that certification to San Gabriel of any of the area within the boundaries of its property be excluded.

3. Clayton Mutual Water Company, a mutual water company, with no authority to issue stock, and organized by Frank F. Pellissier & Sons, Inc., on April 6, 1964, for the purpose of furnishing water service to lessees of industrial sites under rates and rules as yet undetermined, plans to be the sole water purveyor within the Pellissier properties covered by San Gabriel's application.

4. Suburban Water Systems, a public utility water corporation under the jurisdiction of this Commission, furnishes water service to four scattered customers along its transmission main from its Bartolo Well Field and to two isolated customers along Workman Mill Road pursuant to authority granted by this Commission. Water service to a watering trough in the western portion of the County Equestrian and Camping Area has been furnished by Suburban and its predecessor for a long time. Suburban is not certificated to furnish, nor does it furnish, any other water service in any area contiguous or

adjacent to or in the vicinity of the area covered either by San Gabriel's application or its own application.

5. Suburban's service through a temporary emergency construction water service connection to Baxter Contractors at the Rio Hondo Junior College site from Suburban's supply in Cal-Domestic Water Company's 48-inch transmission line is unauthorized.

6. Suburban proposes to require an advance of \$88,200 from Rio Hondo Junior College for water service to it.

7. San Gabriel's rates for water service are substantially lower than Suburban's, and although the initial advance by Rio Hondo required by San Gabriel for water service would be greater than the initial advance required by Suburban, monthly charges for water service by San Gabriel would be between \$127 and \$167 per month lower than Suburban's charges.

8. San Gabriel's proposal to serve Rio Hondo, as modified by the latter with respect to land for a reservoir site, is reasonable.

9. Public convenience and necessity require that San Gabriel's application be granted, except that public convenience and necessity do not require that the application be granted covering the property of Frank F. Pellissier & Sons, Inc., and the 90 acres of land comprising Suburban's Bartolo Well Field.

10. Public convenience and necessity do not require that Suburban's application, as amended at the hearing, be granted. It would not be in the public interest to establish an island

water system operation in San Gabriel's logical operating territory. ✓
Neither would it be in the public interest for Rio Hondo to be re- ✓
quired to pay Suburban's greater monthly charges for water service.

Based upon the findings, the Commission concludes that San Gabriel's application should be granted in part and denied in part, and Suburban's application, as amended at the hearing, should be denied.

The certificate hereinafter granted shall be subject to the following provision of law:

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.

O R D E R

IT IS ORDERED that:

1. San Gabriel Valley Water Company is granted a certificate of public convenience and necessity to extend, construct and operate its public utility water system in the area delineated by a red line on the map, Exhibit No. 2, except that the property of Frank F. Pellissier & Sons, Inc., and the Bartolo Well Field of Suburban Water Systems is excluded therefrom.

2. a. San Gabriel Valley Water Company is authorized to apply its presently filed El Monte District tariffs to the area certified herein, except as hereinafter provided, and shall revise

its tariffs and refile its tariff service area maps for said District to provide therefor.

b. San Gabriel Valley Water Company is authorized to deviate from its Main Extension Rule No. 15 and to furnish water service to Rio Hondo Junior College, pursuant to San Gabriel's proposal to Rio Hondo as set forth in Exhibit No. 3, and pursuant to Rio Hondo's approval thereof as modified by Exhibit No. 4. San Gabriel shall, within thirty days after the effective date hereof, file pursuant to General Order No. 96-A a special contract embodying the terms and conditions of service to Rio Hondo, and shall file a tariff for General Metered service to Rio Hondo providing for billing based upon the addition of all meter readings within Rio Hondo Junior College property in accordance with its El Monte District quantity rates.

3. The application, as amended at the hearing, of Suburban Water Systems is denied, and when San Gabriel Valley Water Company certifies to the Commission that it is ready, willing, and able to commence service to the Rio Hondo Junior College, Suburban Water Systems shall cease and desist its construction water service to Baxter Contractors at the Rio Hondo Junior College site.

4. The restriction against Suburban Water Systems extending its water system or furnishing water service outside its

certificated boundaries, imposed by Decision No. 58716, shall remain in full force and effect.

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

Dated at San Francisco, California, this 28th day of July, 1964.

Frederick B. Holbrook
President
Arthur J. ...
Walter ...
George T. ...
William ...
Commissioners