

Decision No. 79322

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
PEERLESS WATER CO. to modify its  
CERTIFICATE OF PUBLIC CONVENIENCE  
AND NECESSITY to operate water  
systems in the incorporated cities  
of Bellflower and Paramount, County  
of Los Angeles, California and to  
ISSUE LONG TERM NOTE.

Application No. 52714  
(Filed June 28, 1971)

O P I N I O N

Peerless Water Company seeks authority to extend its service area in the incorporated cities of Bellflower and Paramount, County of Los Angeles, and to issue a long-term note in the principal amount of not to exceed \$9,000.00 and to modify its certificate of public convenience and necessity under provisions of sections 1001 and 818 of the Public Utilities Code.

Proof of service of copies of the application in accordance with the rules of procedure of the Commission is on file.

The Commission staff has reviewed and analyzed this application and has prepared a report thereon, dated September 23, 1971, which hereby is received as Exhibit No. 1.

Applicant presently furnishes water as a public utility to approximately 1,970 active residential and commercial customers within the incorporated territories of the cities of Bellflower, Lakewood, and Paramount, Los Angeles County. It also services 84 public fire hydrants. The service area is on generally flat land and at least minimum pressure requirements are maintained throughout the system.

Applicant requests modification or addition to certificates of public convenience and necessity that were included in the following decisions by the Commission.

<u>Decision Number</u>	<u>Date</u>	<u>System Number</u>
34694	10-28-41	1
49980	4-27-54	1,3,4,5
53141	5-28-56	1,7
59726	2-29-60	8,9

Applicant alleges it is preparing to contract to construct a new pipeline, as shown in Exhibit 1, to replace existing steel pipeline and estimates the cost of the new pipeline to be \$7,636.00. Applicant is also preparing to replace all service lines within the project limits using applicant's crew and estimates the cost of the service lines to be \$3,045.00.

Applicant requests authority to issue a long-term note in the principal amount of not to exceed \$9,000.00, payable in the amount of not to exceed \$385.00 per month including interest of not to exceed eight and one-half percent ( $8\frac{1}{2}\%$ ) per annum on the unpaid balance until paid.

The report of the Commission's Exhibit No. 1 states that:

Applicant has been restricted by Decision No. 59726, dated February 29, 1960, from extending service outside the boundaries of Systems 8 and 9. No other restrictions have been imposed.

Applicant's proposal will add 11 new small areas contiguous to six of its nine service areas. Only one of these will immediately add new customers to applicant's system. This is an area next to System 7 where applicant is acquiring the facilities of the "Chester Street Water Service" and its 11 customers. The 22 acres adjacent to System 8 is the largest area requested and it is not presently planned for subdivision but is owned by a school district. The requested area adjacent to System 7 has vacant areas large enough to add an additional six to ten residential customers to those customers now in the requested area.

Applicant's ratio of advances to total capital of 10.6 percent is well under the required 50 percent maximum and should not restrict applicant from making new extensions outside of its present distribution systems. As of November 30, 1970, total advances were recorded at \$18,179 and total capital was \$170,179. Applicant's only avenue for expansion subject to an advance contract would be out of System 8 into the approximate 22-acre vacant area mentioned above. An area, a park, contiguous to System 9, is now served through facilities owned by the City of Bellflower. Applicant delivers water to this park from applicant's meter facility, located within applicant's presently certificated area.

A review of informal complaints filed with this Commission shows that no informal complaints regarding service were received by the Commission staff during the years 1968, 1969, 1970, and for the first half of 1971. Customer contacts made in the field in July of this year indicated that applicant is providing adequate service.

The conclusions and recommendations of the Commission staff's Exhibit 1 are as follows:

Applicant's water supply, distribution system and facilities are adequate.

The ratio of advances to total capital as of November 30, 1970, should not restrict applicant from making new main extensions from Systems 8 and 9, now restricted.

Restrictions imposed by Decision No. 59726, dated February 29, 1960, prohibiting applicant from expanding its water system into areas contiguous to Systems 8 and 9 should be lifted.

Applicant should be advised to immediately make an appropriate advice filing to revise its "Tariff Service Area Map" to include within its service area areas now being served.

Public convenience and necessity has not been demonstrated for the 22-acre area adjacent to System 8 and it would be premature for applicant or any other utility to file a "Tariff Service Area Map" on this area until such necessity is demonstrated.

Findings and Conclusions

The Commission finds that:

1. The recommendations of the Commission's staff in its report as set forth above are hereby confirmed as findings of this Commission.
2. The proposals of applicant for additional water service in the area set forth, except as to the 22-acre area adjacent to System 8, are not adverse to the public interest.
3. Applicant's system meets the supply and engineering standards of General Order No. 103.
4. The public interest no longer requires that applicant should seek approval of this Commission to make extensions described in Section 1001 of the Public Utilities Code.
5. The proposed issuance of a long-term promissory note in the principal amount of not to exceed \$9,000.00, payable monthly including interest not to exceed eight and one-half percent (8½%) per annum, on the unpaid balance is for proper purposes.
6. The applicant has need for the funds requested for the purposes set forth in the application.
7. The money, property or labor to be procured or paid for by the issue of the promissory note herein authorized is reasonably required for the purposes specified herein, and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

No protest has been received. A public hearing is not necessary.

We conclude that the application should be granted to the extent set forth herein.

O R D E R

IT IS ORDERED that:

1. Peerless Water Company is authorized to make an appropriate advice filing to revise its "Tariff Service Area Map" to include within its service area the proposals requested, except as to the 22-acre area adjacent to System 8.
2. The restrictions imposed by paragraph 1 of Decision No. 59726, dated February 29, 1960, in Application No. 41355, are hereby rescinded together with any repetition of such restrictions in subsequent decisions.
3. Applicant shall file with the Commission a report or reports as required by the Commission's General Order No. 24B, which order, insofar as applicable, is made a part of this order.
4. The authority to issue note herein granted will lapse if not exercised within one year from the effective date hereof.
5. Peerless Water Company is authorized to issue a long-term promissory note in the principal amount of not to exceed \$9,000.00 payable monthly including interest at eight and one-half percent until paid. This authority to become effective when applicant has paid the fee of \$50.00 prescribed by Section 1904(b) of the Public Utilities Code.

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In all other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California,  
this 16th day of NOVEMBER, 1971.

[Signature] Chairman  
William Higgins  
[Signature]  
[Signature]  
[Signature] Commissioners

