

LRA

Decision No. 20362

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LOS ANGELES AND SUBURBAN WATER)
COMPANY,)
a corporation, for authority to) Application No. 15028.
issue stock.)

In the Matter of the Application of)
LOS ANGELES AND SUBURBAN WATER)
COMPANY,)
to buy and Myron J. Miller and Mrs.)
Jessie C. Miller, husband and wife,) Application No. 15031.
and B. G. Adams to sell certain)
public utility properties.)

O'Melveny, Tuller & Myers, and William W. Clary,
and Kent Allen, for applicants.

BY THE COMMISSION:

O P I N I O N

In Application No. 15031 Myron J. Miller and Mrs. Jessie C. Miller, husband and wife doing business under the fictitious name and style of Myron J. Miller Water Company, and B. G. Adams, doing business under the fictitious name and style of Vermont Water Company, ask the Railroad Commission to enter its order authorizing the said parties to sell their properties to the Los Angeles and Suburban Water Company in accordance with the terms and conditions of the agreements filed in said Application No. 15031.

In Application No. 15028 the Los Angeles and Suburban Water Company asks permission to issue and sell at par \$37,500.00 of

its common capital stock to acquire the aforesaid two water systems. It has agreed to pay \$25,000.00 for the Miller Water System and, under certain conditions, \$12,500.00 for the Vermont Water System.

The territory served by the Miller Water System is described as follows:-

"Starting from extreme north alley between 94th and 95th street, from Normandie to Halldale, thence south to 99th street, thence west to Denker Avenue, thence south to both sides of 103rd street, thence east to Normandie, thence south to 105th street, thence east two hundred (200) feet, thence north one hundred eighty four (184) feet, thence east to Vermont Avenue, thence north to 99th street, thence west to Normandie Avenue and back to beginning."

The properties consist in general of three Los Angeles County franchises (Ordinance No. 569, No. 768, No. 977), Lots 39 and 40 of the "Original Sunnyside" Tract, one 12" well 220 ft. deep equipped with a Layne and Bowler pump, two 20,000 gallon elevated redwood tanks, about five miles of distribution mains varying 2" to 6", 544 service connections (50 services serving two families) and 285 meters.

The operating revenues of the Miller Water System are reported at \$7,269.10 for the year 1926, at \$8,436.45 for the year 1927 and at \$4,116.95 for the seven months ending July 31, 1928. As stated the Los Angeles and Suburban Water Company has agreed to pay \$25,000.00 for the Miller Water System.

The Vermont Water System, owned by B. G. Adams, holds itself out to serve Tract No. 9641 and the territory bounded by Figueroa Street on the east, 120th Street on the south, Vermont Avenue on the west and 180th Street on the north. As will appear later, Tract No. 9641 is not at the present time actually being served by the Vermont Water System. The properties which B. G. Adams has agreed to sell consist of 12,983 ft. of 4" cast iron B & S pipe, 1,926 ft. 6" cast iron B & S pipe, 810 ft. 5" I.D. tubing, 3,561 ft. 2" standard screw pipe, 254 service connections, 10 fire

hydrants and any and all other pipe, connections, valves, appliances, machinery and equipment which B. G. Adams may own except only the present tank, well and pump. The operating revenues of B. G. Adams for the year ending July 31, 1926, are reported at \$3,000.00; for the year ending July 31, 1927, at \$3,500.00 and for the year ending July 31, 1928 at \$4,300.66.

Under the agreement between B. G. Adams and the Los Angeles and Suburban Water Company the latter has agreed to pay \$12,500.00 for the B. G. Adams Water System on condition, however, that B. G. Adams install pipes in Tract No. 9641. If he fails to do so the purchase price of the properties will be reduced by \$2,500.00.

B. G. Adams covenants and agrees that all bills and obligations in connection with his water plant have been fully paid. It is agreed that the Buyer (Los Angeles and Suburban Water Company) shall not assume or be liable for any obligation whatsoever to any consumer or for refund or deposits or for any other matter. The Seller agrees to save the Buyer harmless from ^{any} loss, obligation or liability arising out of any claims assessed or enforced against the water plant by any consumer or other person based on or arising out of any matter or transaction which took place prior to the date of delivery of the instruments of conveyance by the Seller to the Buyer. In order to protect the Buyer against any of said claims, it is agreed that anything in the agreement to the contrary notwithstanding the sum of One Thousand (\$1,000.00) Dollars cash shall be retained out of said purchase price in said escrow for a period of ninety (90) days from the date of delivery of said instrument of conveyance, and that if during said ninety day period any such claim is asserted against the water company and ordered paid by the Railroad Commission of the State of California, such payment shall be made out of the sum of One Thousand (\$1,000.00) Dollars, and said money shall not in any event be delivered to the Seller as long as

any such claim is pending against said water company.

The Commission has heretofore by Decision No. 17796, dated December 23, 1926, in Case 2276, required B. G. Adams to refund to consumers moneys which he collected in violation of his rules and regulations. Refunds have been made to the persons referred to in the Commission's Decision No. 17796. But there are others who it appears are entitled to refunds. While a list has been filed, we have no way of knowing whether it is complete. The order herein will authorize B. G. Adams to transfer his water properties to the Los Angeles and Suburban Water Company, but we will require the purchaser within ten days after the effective day of the authority herein granted, to notify each and every consumer of the fact that the Commission has authorized the transfer of the properties and that if any consumer claims the return of any moneys paid to B. G. Adams in order to obtain water service, such claim should be filed with the Railroad Commission immediately. The Railroad Commission will determine whether such claim shall be paid out of the \$1,000.00 mentioned above.

It appears from the record that the Vermont Water System adjoins properties which are now under the control of the Los Angeles and Suburban Water Company and that the Miller Water System is from one half to three quarters of a mile distant from properties which are operated or controlled by the Los Angeles and Suburban Water Company. It is believed that both the Vermont Water System and the Miller Water System can be economically operated in connection with properties which the Los Angeles and Suburban Water Company now actually owns or controls through stock ownership.

O R D E R

Myron J. Miller and Mrs. Jessie C. Miller, and B. G. Adams, having asked permission to sell their public utility water properties to the Los Angeles and Suburban Water Company and Los Angeles and Suburban Water Company having asked permission to purchase said properties and issue \$37,500.00 of common stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the \$37,500.00 of stock is reasonably required by Los Angeles and Suburban Water Company and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that the above entitled applications should be granted subject to the terms and provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:-

1. Myron J. Miller and Mrs. Jessie C. Miller, husband and wife doing business under the fictitious name and style of Myron J. Miller Water Company, may sell and transfer on or before January 31, 1929, their public utility water properties, more particularly described in the agreement dated August 9, 1928, filed in Application No. 15031 to the Los Angeles and Suburban Water Company, such sale to be made pursuant to the terms and conditions of said agreement.
2. B. G. Adams, doing business under the fictitious name and style of Vermont Water Company, may sell and transfer on or before January 31, 1929, his public

utility water properties, more particularly described in the agreement dated June 11, 1928, filed in Application No. 15031 to Los Angeles and Suburban Water Company, said sale and transfer to be made pursuant to the terms and provisions of said agreement, provided, however, that the \$1,000.00 which in said agreement is set aside to pay claims of consumers or others may be paid only to such persons as may be hereafter designated by the Railroad Commission.

3. That Los Angeles and Suburban Water Company, within ten (10) days after the effective date of the authority herein granted, shall notify in writing each and every consumer of B. G. Adams (Vermont Water Company) that the Railroad Commission has authorized said B. G. Adams to sell his public utility water properties to Los Angeles and Suburban Water Company, and request said consumers, if they claim any amounts due them from B. G. Adams (Vermont Water Company) to file immediately with the Railroad Commission a statement of their claim for a refund, such statement, among other things, to show the name and address of the consumer claiming a refund, the purpose for which the money now asked to be returned was paid to B. G. Adams (Vermont Water Company), the date of the payment and the amount of the payment. Attached to the statement should be the consumer's

receipt or cancelled check showing that the amount claimed as a refund was actually paid to E. G. Adams (Vermont Water Company) or an explanation why such evidence of payment is not attached. (All claims for a refund must be filed within ninety (90) days after the date of this order).

4. Los Angeles and Suburban Water Company may issue and sell for cash at not less than par on or before January 31, 1929, \$37,500.00 par value of its common capital stock and use such part of the proceeds as may be necessary to acquire the properties referred to in this order. Any proceeds not used for the aforesaid purposes shall be used to drill and equip the well referred to in the agreement dated June 11, 1928, filed in Application No. 15031 or for such other purposes as the Railroad Commission may hereafter authorize.
5. Los Angeles and Suburban Water Company shall notify the Railroad Commission, within ten (10) days after acquiring any of the aforesaid properties, the date on which it acquired said properties, and the date on which it took possession of the same.
6. As soon as practicable the Los Angeles and Suburban Water Company shall file with the Railroad Commission a copy of the instruments of conveyance under which it acquires and holds title to the aforesaid properties.
7. Los Angeles and Suburban Water Company shall file with the Railroad Commission reports such as are

required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

8. The authority herein granted will become effective ten (10) days after the date hereof.

DATED at San Francisco, California, this 13th day of November, 1928.

C. Leamy

Wm. Scott

Thos. R. Curtis

W. A. Carr

Commissioners.