

Decision No. 20545

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

PACIFIC WATER COMPANY,)

a corporation, for the approval of)
a contract for the purchase of)
water properties and for authority)
to purchase and accept a conveyance)
of the business, assets and proper-)
ties of the corporation next named;)
and of Burlingame Land and Water)
Company, a corporation, for authority)
to transfer and convey all of its)
water business and water properties.)

Application No. 15113.

Chickering & Gregory, by W. C. Fox,
for Pacific Water Company.

Arthur E. Redington, for Burlingame
Land and Water Company.

BY THE COMMISSION:

OPINION

In the above entitled matter the Railroad Commission is asked to make an order approving a contract entered into by and between Pacific Water Company and Burlingame Land and Water Company and authorizing the transfer and conveyance of the water properties of Burlingame Land and Water Company, in accordance with the terms of said contract, to Pacific Water Company.

The application shows that Pacific Water Company is a corporation engaged in the business of supplying water for domestic, municipal, industrial and other purposes in San Mateo and the vicinity

thereof, in Lomita Park and the vicinity thereof, and in South San Francisco and the vicinity thereof, and that Burlingame Land and Water Company is a corporation engaged in operating a water system in the Town of Hillsborough and the vicinity thereof. The territory served by the Pacific Water Company is in proximity to that served by Burlingame Land and Water Company.

It is reported that if Burlingame Land and Water Company continues to own and operate the water properties, it would be necessary to refinance them in order to provide the funds for additions and betterments needed to keep pace with the growth of the Town of Hillsborough. It is said that the present owners do not desire to continue to engage in the water business and that, accordingly, an agreement has been made, a copy of which is filed herein as Exhibit "C", providing for the sale of the water properties of Burlingame Land and Water Company to Pacific Water Company for the sum of \$76,876.50.

The properties to be transferred include about thirteen (13) acres of land, certain easements and rights of way and a domestic water system and an irrigation water system. The domestic supply is obtained from five sixteen inch wells varying from 130 to 240 feet in depth and is lifted by deep well plunger pumps and collected in a 17,000 gallon tank, whence it is boosted into five tanks having a combined capacity of 190,000 gallons and thence distributed to thirty-nine consumers. In addition, water is obtained by impounding the run-off of a small canyon near Hillsborough and storing it in a reservoir, of a capacity of 32,000,000 gallons, formed by a walled earth dam thirty-five feet high at its highest point and fourhundred feet long at its crest. Some water, about twenty

percent of the total distributed, is purchased from Spring Valley Water Company.

The irrigation supply is supplemented by water from three twelve inch wells sixty feet deep. Water is collected, by gravity, in a steel tank and then pumped directly into the irrigation system, service being given to thirty-seven consumers.

The transmission and distribution system consists of 41,352 feet of pipe, including 380 feet of eight inch cast iron pipe, 7,977 feet of six inch casing and 32,995 feet of standard screw pipe ranging in size from 1-1/2 inches to four inches in diameter.

Estimates of the value of the properties were prepared and introduced by Mr. Walter H. Davis, an engineer associated with The American Appraisal Company. Mr. Davis estimates, as of October 15, 1928, the cost of reproduction new at \$169,462.00, and the cost of reproduction new less depreciation at \$139,486.00, and the historical cost at \$107,230.00 and the historical cost less depreciation at \$85,918.00. The revenues from the operation of the properties for the calendar year 1927 are reported in Exhibit 4 at \$15,937.69 and the expenses at \$11,672.40, leaving net earnings of \$4,265.29. In this connection, however, it is estimated that had the properties been operated in 1927 by Pacific Water Company in connection with its present system the operating expense could have been reduced to about \$9,300.00, which would result in net earnings of about \$6,600.00.

After reviewing the evidence in this matter, we believe this application should be granted. Pacific Water Company is a corporation organized for the purpose of operating public utility water systems and it reports that it is in a position to render efficient and adequate service in Hillsborough and to make such additions and betterments to the properties from time to time as may be necessary. The approval herein given to transfer the properties to Pacific Water Company, however, should not be construed

as an approval of the valuation figures referred to herein, or of any item comprising such figures, or a finding of the value of the properties of Burlingame Land and Water Company for the purpose of fixing rates or for any other purpose other than the transfer herein authorized.

The rate now charged by Burlingame Land and Water Company is thirty cents per 1000 cubic feet. This rate should be continued by Pacific Water Company unless hereafter changed by this Commission.

O R D E R

Application having been made to the Railroad Commission for an order approving a contract and authorizing the transfer of the properties of Burlingame Land and Water Company to Pacific Water Company, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted, as herein provided, and that the transfer of the properties is in the public interest,

IT IS HEREBY ORDERED that Burlingame Land and Water Company be, and it hereby is, authorized to sell and transfer its properties, referred to in the foregoing opinion, for \$76,876.50, to Pacific Water Company, and Pacific Water Company be, and it hereby is, authorized to purchase and acquire and thereafter operate such properties, such transfer to be made in accordance with the terms and provisions of the contract between the two companies which is filed in this proceeding as Exhibit "C".

The authority herein granted is subject to the following conditions:

1. Pacific Water Company, as soon as possible after acquiring the properties of Burlingame Land and Water Company, shall file with the Commission a certified copy of the deed of conveyance and a certified statement indicating the exact date upon which it acquired possession and control of such properties and commenced operating them.
2. Pacific Water Company, as soon as possible after acquiring the properties of Burlingame Land and Water Company, shall file with the Commission a schedule of rates covering service to be given from such properties, such rates to be identical with those now charged by Burlingame Land and Water Company.
3. The authority given herein to transfer properties is not to be construed as a finding of value of such properties for the purpose of fixing rates or for any purpose other than this transfer.
4. The authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 3rd
December
day of ~~November~~, 1928.

Leon Whitball

C. Seaver

John D. Brown

W. J. Cunn

Commissioners.