

Decision No. 22820

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 F. M. GUESS and ADELINE ANNA GUESS,)
 his wife, and the SAVANNAH WATER COM-)
 PANY for authority to sell the water)
 company known as the Rosemead Water)
 Company and to discontinue their)
 public utility service and SAN)
 GABRIEL VALLEY WATER COMPANY to pur-)
 chase the said properties and to)
 assume the said public utility ser-)
 vice.)

ORIGINAL

Application No. 16698

M. I. Reed for Applicants.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to enter its order authorizing Savannah Water Company and F. M. Guess and Adeline Anna Guess, his wife, to sell their water properties operated under the fictitious name and style of Rosemead Water Company to the San Gabriel Valley Water Company. The vendors also ask that the Commission permit them to discontinue their public utility service and permit the San Gabriel Valley Water Company to assume such public utility service as has heretofore been rendered by the vendors.

It appears from the record that the only property which the Savannah Water Company owns is a franchise granted by the County of Los Angeles under Ordinance 1296 N.S. The testimony does not show that the grantee of Ordinance 1296 N.S. has been given permission to exercise the rights and privileges granted by said ordinance. All of the other properties which are being operated under the fictitious

name of the Rosemead Water Company are owned by F. M. Guess and Adeline Anna Guess, his wife. The territory served by the public utility water system referred to in this application is located in Los Angeles County and is known as Rosemead. In general the service area is bounded on the north by the Southern Pacific Railroad's Azusa branch right of way, on the east by Arden Drive, on the south by the Pacific Electric Railway's right of way and on the west by Rosemead Avenue. This territory is immediately east of the Rosemead service area of the San Gabriel Valley Water Company and comprises approximately 600 acres. Water is furnished by the Rosemead Water Company both for domestic and irrigation use.

The water supply of the Rosemead Water Company is procured from a well 16 inches in diameter and 403 feet deep located near the corner of Rosemead Avenue and Mission Drive. The water is pumped directly into the mains by a 14 inch, four stage, Pomona deep well pump, driven by a 60 H.P. Westinghouse motor. This unit has a capacity of 1500 gallons per minute. Storage is provided by a 25,000 gallon galvanized iron tank erected on a 30 foot steel tower. The distribution system consists of 40,486 feet, more or less, of pipe ranging in size from 2 inches to 10 inches in diameter and is largely rivetted steel pipe and welded casing. There are approximately 350 services, of which about 200 are metered. The distribution system of the Rosemead Water Company is connected by a 10 inch main with the Rosemead system of the San Gabriel Valley Water Company. Upon the granting of the application and the consummation of the proposed transaction, the record shows that the storage tank of the Rosemead Water Company will not be required by the San Gabriel Valley Water Company for the reason that a reservoir of the San Gabriel Valley Water Company and its tank will afford better service to the territory served by the Rosemead Water Company than is now rendered by that

company. The acquisition of the tank of the Rosemead Water Company will not be necessary in order to enable the San Gabriel Valley Water Company to give adequate and satisfactory service to the consumers of the Rosemead Water Company.

There is filed in this proceeding a copy of an option dated May 29, 1930, under the terms of which Frank Guess and Adeline Anna Guess, his wife, offered to sell their public utility water properties described therein to the San Gabriel Valley Water Company for the sum of \$36,000.00, of which sum \$5,000.00 is to be paid upon the exercise of the option and \$31,000.00 within ten days after the Railroad Commission has given its consent to the transfer of the properties. Testimony shows that this option has been exercised by the San Gabriel Valley Water Company and that it is ready and willing to acquire the properties for the aforementioned consideration and to assume all of the obligations which now rest upon the vendors to render public utility service. It further shows that all of the deposits received by the vendors to guarantee the payment of water bills will be delivered to the San Gabriel Valley Water Company and that it will assume the liability of returning the same.

It appears from the record that there is a difference between the rates now charged by the Rosemead Water Company and the San Gabriel Valley Water Company in the Rosemead service area. W. F. Goble, manager of the San Gabriel Valley Water Company, testified that the rates which are now charged by the Rosemead Water Company will be continued in effect until the Commission has authorized a change to be made in such rates.

There has been filed in this proceeding a report (Exhibit "F") in which The Loveland Engineers, Inc. submit their estimate of the reproduction cost of the Rosemead Water Company

properties, as of September 30, 1929, and their estimate of the reproduction cost of such properties less accrued depreciation. Upon analysis it appears that some of the quantities set forth in Exhibit "F" differ from the quantities set forth in the option given by the vendors to the San Gabriel Valley Water Company filed as Exhibit "E". It is of record that what the San Gabriel Valley Water Company proposes to acquire are the properties described in the report of The Loveland Engineers, Inc., plus the cost of additions and betterments installed subsequent to the date of the report. Mr. M. I. Reed of The Loveland Engineers, Inc. explained that Exhibit "F" was filed only for the reason that the Commission's rules of procedure require it and that if this application is granted, no claim will hereafter be made that the Commission when called upon to fix rates, or determine how much of the purchase price may be capitalized, or what charges may be made to fixed capital accounts, is bound by the figures submitted in Exhibit "F". None of these matters are now before the Commission.

Subsequent to the hearing the Commission was informed that the Rosemead Company, a common law trust, is the owner of 3,410 feet of 4-inch and 1060 feet of 2-inch pipe, with five valves, which are covered by the option given by Frank Guess (F.M. Guess) and Adeline Anna Guess, his wife, to San Gabriel Valley Water Company. The order herein will authorize the vendors to sell and transfer such public utility properties as they may own. Obviously an order of this Commission authorizing the sale and transfer of public utility properties does not confer upon the vendor title to property which he may not own at the time. Our order authorizes the sale and transfer of such an interest as the vendor may have in the property.

O R D E R

Applicants having requested the Commission to enter its order as indicated in the foregoing opinion, a public hearing having been held before Examiner Fankhauser, the Commission being of the opinion that the transfer of the properties operated under the fictitious name and style of Rosemead Water Company to the San Gabriel Valley Water Company is in the public interest, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

(1) F. M. Guess and Adeline Anna Guess, his wife, and Savannah Water Company be, and they are hereby, authorized to sell and transfer, on or before December 31, 1930, the public utility properties owned by them and operated under the fictitious name and style of Rosemead Water Company, which are more particularly described in Exhibits "E" and "F" filed in this proceeding, to the San Gabriel Valley Water Company.

(2) Upon the sale and transfer of the aforesaid properties to the San Gabriel Valley Water Company and the assumption by said San Gabriel Valley Water Company of the liability to operate said properties as a public utility, F. M. Guess and Adeline Anna Guess, his wife, and the Savannah Water Company be, and they are hereby, authorized to discontinue the operation of the properties which they are herein authorized to sell and transfer.

(3) Within thirty days after the transfer of the aforesaid properties, San Gabriel Valley Water Company shall file with the Commission a certified copy of the deed or other instrument of conveyance under which it acquires and holds title to said properties, and shall also advise the Commission of the date upon which it took possession of said properties.

(4) Neither the consideration which the San Gabriel Valley Water Company has agreed to pay for the aforesaid properties, nor the estimated cost to reproduce said properties, as set forth in Exhibit "F", shall be urged before this Commission as determining the value of the properties herein authorized to be transferred for the purpose of fixing rates, or issuing securities to pay for said properties, or be used as fixing the cost at which the purchase of said properties shall be recorded on the books of the San Gabriel Valley Water Company.

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

DATED at San Francisco, California, this 29th day of August, 1930.

C. C. [Signature]

Leon [Signature]
Thos [Signature]

Commissioners.