

Decision No. 34149

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN GABRIEL VALLEY WATER SERVICE
to purchase and
McNEES PARK WATER COMPANY
to sell a certain public utility
water system situated in the County
of Los Angeles, State of California.

Application No. 23432

ORIGINAL

BY THE COMMISSION:

O P I N I O N

This is an application for an order of the Railroad Commission authorizing McNees Park Water Company, a corporation, to sell its water properties to San Gabriel Valley Water Service, a corporation.

McNees Park Water Company was organized on or about February 25, 1929. In Decision No. 22099, dated February 7, 1930, it is recited that the company was formed for the purpose of engaging in the business of maintaining and operating a water system for the conveyance and distribution of water for domestic purposes in a tract of land, immediately adjacent to, but outside, the city limits of the City of Whittier, described as follows:

"All that real property in the county of Los Angeles, State of California, described as follows, to wit: Beginning at the intersection of Norwalk-Puente Mills road with the southwesterly line of Tract No. 2239, as recorded in book 28, pages 94 and 95, records of Los Angeles County; thence southeasterly, northeasterly and southeasterly along said tract (boundary lines) to its intersection with the northwesterly prolongation of the southerly line of Tract No. 7880, as recorded in book 94, pages 93 and 94 of maps, records of Los Angeles County; thence southeasterly along the aforementioned northwesterly prolongation and along the southerly line of said mentioned Tract No. 7880 to its intersection with Sorensen avenue; thence northeasterly along Sorensen avenue to its intersection with Whittier boulevard; thence northwesterly along said mentioned Whittier boulevard to its intersection with the

aforementioned Norwalk Puente Mills road; thence south-westerly along Norwalk Puente Mills road to the point of beginning."

By said Decision No. 22099, the Commission granted to the company a certificate of public convenience permitting the exercise by the company of rights and privileges granted by Ordinance No. 1695, New Series, passed by the Board of Supervisors of Los Angeles County on July 22, 1929, and the operation by it of a water system for the distribution of water for domestic purposes in the territory hereinabove described.

Following the Commission's decision, the company acquired and constructed its water system, and since 1930 has been engaged in the operation thereof. For the last three calendar years, it reports the following:

	<u>1937</u>	<u>1938</u>	<u>1939</u>
Operating revenues	\$3,992	\$4,815	\$5,910
" expenses	<u>3,820</u>	<u>4,337</u>	<u>5,377</u>
Net Operating revenues	\$ <u>172</u>	\$ <u>478</u>	\$ <u>533</u>
Number of Consumers	182	218	243

The present application shows that on April 20, 1940, McNeas Park Water Company entered into an agreement whereby it agreed to sell to San Gabriel Valley Water Service for \$20,000, payable in cash, all of its plants, properties, distribution systems, wells, pump, and all other property, both real and personal, used and useful in its public utility water system. It has further agreed to pay to the purchaser in cash a sum equal to the total of consumers' deposits and water bills paid in advance.

Two reports of the estimated original cost of the McNeese Park Water Company properties have been submitted in this proceeding. One, prepared by R. E. Nicholson, President of San Gabriel Valley Water Service, shows an estimated original cost of the properties of \$33,193, and an estimated original cost less accrued depreciation of \$30,918. The other estimated original cost is contained in a report prepared by F. E. Van Hoesen, an engineer for the Commission. His report shows the estimated original cost at \$31,001, and the estimated original cost less accrued depreciation at \$28,333. Mr. Van Hoesen includes in his report 1,300 feet of 6-inch cast iron pipe and a meter attached thereto, at an aggregate cost of \$4,063. Mr. Nicholson has omitted such property from his report. If the McNeese Park Water Company holds the title to the 1,300 feet of 6-inch cast iron pipe and the meter attached thereto, it is proper to include it in the report. If it cannot convey title to said property, it should be excluded from the report and accounts of San Gabriel Valley Water Service.

If the San Gabriel Valley Water Service acquires the properties of McNeese Park Water Company, it should record the same on its books on the basis, exclusive of organization expense, set forth in the report prepared by F. E. Van Hoesen. His estimate of original cost, new and depreciated, should be, however, further reduced by \$4,063 and \$3,882, respectively, in the event that San Gabriel Valley Water Service does not acquire title to said 1,300 feet of 6-inch cast iron pipe and said meter.

ORDER

McNeese Park Water Company and San Gabriel Valley Water Service having applied to the Railroad Commission for an

order authorizing the transfer of water properties, and the Commission having considered the matter and being of the opinion that this is not a matter in which a public hearing is necessary and that the application should be granted, as herein provided,

IT IS HEREBY ORDERED that McNees Park Water Company be, and it hereby is, authorized to sell to San Gabriel Valley Water Service, for \$20,000, all of its public utility water properties, including the certificate of public convenience and necessity granted to it by Decision No. 22099, dated February 7, 1930, such sale to be in accordance with the terms and conditions of the agreement, a copy of which is filed in this proceeding as Exhibit A, dated April 20, 1940 by and between McNees Park Water Company and San Gabriel Valley Water Service, subject, however, to the following conditions:

1. McNees Park Water Company, at the time it relinquishes control and possession of the properties herein authorized to be transferred, shall pay to San Gabriel Valley Water Service, in cash, a sum equal to the total of consumers' deposits and water bills paid in advance. All amounts due from McNees Park Water Company, because of pipe line extensions, shall be paid by McNees Park Water Company prior to or concurrently with the transfer of the said properties.

2. Within ten days after the date upon which it relinquishes control and possession of the properties herein authorized to be transferred, McNees Park Water Company shall file with the Commission a certified statement indicating the exact date upon which such control and possession were relinquished and a certified statement showing the amount of money paid by it to San Gabriel Valley Water Service for consumers'

deposits, as required in Condition No. 1 above, and the names of those to whom such deposits are repayable and the dates of repayment.

3. The authorization herein granted shall apply only to such transfer as shall have been made on or before June 30, 1940. A certified copy of the final instrument of conveyance shall be filed with this Commission by McNees Park Water Company within thirty days from the date upon which said instrument is executed.

4. The consideration for the transfer herein authorized shall not be urged before this Commission or any other public body as a finding of value for rate-fixing or for any purpose other than the transfer herein authorized.

5. San Gabriel Valley Water Service shall adopt as its own, the rates, rules and regulations of McNees Park Water Company for service in the service area heretofore established for domestic water service for the property herein authorized to be transferred, and shall file with the Commission, within ten days after the date upon which it assumes control and possession of the properties herein authorized to be transferred, four copies of a suitable map, or sketch, drawn to an indicated scale, approximately 3-1/2 x 11 inches in size, delineating thereon in distinctive markings, the boundaries of said service area, provided however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.

6. For accounting purposes, San Gabriel Valley Water Service, in recording on its books the acquisition of the

properties herein authorized to be transferred, may, if it acquires all of the properties described in F. E. Van Hoesen's report, charge to fixed capital accounts not exceeding \$30,692, being the original cost estimated of said properties less \$309 of organization expenses, and shall credit to the reserve for depreciation \$2,668. The excess of the difference between the estimated original cost of the properties which it will acquire and the reserve for depreciation and the purchase price, may be credited by the company to corporate surplus.

IT IS HEREBY FURTHER ORDERED that this order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 28th day of May, 1940.

Ray & Ray
James R. Smith
Ralph W. Shepard
H. B. M.

Commissioners.