

Decision No. ~~5533~~

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

CONSUMERS, Gloria Gardens Water Co.,

Complainant,

vs

GLORIA GARDENS WATER COMPANY,

Defendant.

Case No. 4600

In the Matter of the Application for an order authorizing FRANK MERKLE and FRANK MERKLE, JR., copartners doing business as GLORIA GARDENS WATER COMPANY, to sell, and SOUTHERN CALIFORNIA WATER COMPANY, a California corporation, to buy the water utility property known as GLORIA GARDENS WATER COMPANY, situate in the County of Los Angeles, State of California.

Application No. 24792

O'Melveny & Myers, by L. M. Wright,
for complainants.

Newton M. Todd and Fred A. Watkins,
by Newton M. Todd, for
Gloria Gardens Water Company.

Paul Overton, for Applicant,
Southern California Water Company.

HAVENNER, COMMISSIONER:

O P I N I O N

In Case No. 4600, thirty consumers supplied by the waterworks owned and operated by Frank Merkle and Frank Merkle, Jr., copartners doing business under the fictitious firm name and style of Gloria Gardens Water Company, complain that a schedule of flat rates filed with the Commission by said Company has resulted in an increase in rates for certain services. This matter was combined for hearing and decision with the joint application of Gloria Gardens Water Company to sell and Southern California Water Company, a corporation, to purchase the properties of the former company. This water system is now serving in Tracts No. 5501, 2898, 9363,

9613 and 10341, situate near Hollydale, in Los Angeles County. The purchaser asks that it be authorized to charge in said area the schedule of meter rates now in effect on its own adjacent Hollydale system and to continue in effect the presently filed monthly flat rate schedule of Gloria Gardens Water Company.

A public hearing in these matters was held at Los Angeles.

According to the evidence, Frank Merkle and Frank Merkle, Jr., copartners, were authorized by the Commission to operate a public water utility in Tracts No. 5501 and 8898 in Decision No. 18504, dated June 14, 1927, and in Decision No. 20898, dated March 20, 1929, were authorized to extend their water system into Tracts No. 9613 and 10541. Tract No. 9363 is a re-subdivision of Tract No. 5501. Water is produced from two wells and distributed by means of a pressure system through 23,000 feet of mains ranging from 2 to 6 inches in diameter. There are 346 consumers being served at present. The consideration for the transaction is \$17,500.13, of which \$16,778 in cash is for physical properties free and clear of all encumbrances except city and county taxes for the last half of the fiscal year 1941-1942. The remaining sum of \$722.13 is to be refunded to the depositors for extensions of water mains and services by Southern California Water Company in accordance with agreements entered into by said depositors with Gloria Gardens Water Company.

Mr. L. J. Alexander, Engineer for Southern California Water Company, submitted an inventory and appraisal of the properties to be transferred. He estimated original cost thereof to be \$26,890, which sum included lands at present market value. Applying the straight line method of computing depreciation, he determined accrued depreciation to be \$9,460 and cost less accrued depreciation as \$17,430. A report submitted by E. L. Clark, engineer for the Commission, checked Mr. Alexander's estimate of original cost. Accrued depreciation was determined by the 5% sinking fund method as \$7,495, and the cost less accrued depreciation on this basis totaled \$19,395.

The record shows that the water supply of Gloria Gardens Water Company has been seriously curtailed by loss of its Well No. 1 on November 26, 1941. A second and smaller well does not have sufficient capacity to meet consumer

requirements during the summer season. Southern California Water Company has adequate water supply and water production facilities in its Hollydale system to meet the demand of all consumers on both systems. The purchasers propose to install immediately suitable pipe lines and other facilities necessary to interconnect the two systems and to combine the operations thereof as a single unit.

Authority is requested by Southern California Water Company to place in effect throughout the Gloria Gardens area the metered rates presently in effect in its Hollydale system. A comparison with the present metered rates of Gloria Gardens Water Company shows that this will result in a reduction in monthly charges to the consumers for all quantities of water delivered over 500 cubic feet per month. The purchasing utility also asks for authority to continue in effect the flat rate schedule filed with this Commission by Gloria Gardens Water Company on May 15, 1941, until such time as all service is placed upon a metered basis. These flat rates provided for a charge of \$1.50 per month for a residence including one lot of one-quarter acre or less, with a 3/4-inch service connection, and 50 cents per month for each additional quarter acre or less. The original rate provided for a charge of \$1.50 per month for one house per lot with a 3/4-inch service connection, with no limitation as to size of lot. It was this charge for each additional quarter acre parcel that brought about the filing of the complaint and a demand that the original rates be restored and continued in effect. However, complainants were satisfied by and accepted the stipulation of counsel for Southern California Water Company that it will not charge the new flat rates filed by the Gloria Gardens Water Company, but will continue the rates previously in effect. There being no further protests, it appears therefore that the complaint has been satisfied.

The consumers all favored the transfer in the interests of a guaranteed adequate water supply and a more efficient service. The proposed sale, therefore, will be approved.

The following form of Order is recommended.

ORDER

The complaint and application, as entitled above, having been filed with this Commission, a public hearing having been held thereon, the matters having been

duly submitted, and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that Frank Merkle and Frank Merkle, Jr., copartners operating under the fictitious firm name and style of Gloria Gardens Water Company, be and they are hereby authorized to sell to Southern California Water Company, a corporation, and that said corporation be and it is hereby authorized to acquire from said Frank Merkle and Frank Merkle, Jr., copartners, all right, title and interest in and to the water system properties in Tracts No. 10341, 8898, 9613, 9363 and 5501, Los Angeles County, which properties are more particularly described in Exhibit "D" attached to the application herein, and which is hereby made a part of this Order by reference, subject to the following terms and conditions:

1. The authority herein granted shall apply only to such transfer as shall have been made on or before the first day of July, 1942, and a certified copy of the final instrument or instruments of conveyance shall be filed with this Commission by Southern California Water Company, a corporation, within thirty (30) days from the date upon which said instrument or instruments are executed.
2. Within ten (10) days after the date on which Southern California Water Company, a corporation, actually acquires control and possession of the property herein authorized to be transferred, it shall file with this Commission a certified statement indicating the date upon which such control and possession were acquired.
3. 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 any purpose other than the transfer herein authorized.
4. That the existing meter rates effective on the Southern California Water Company's Hollydale system be made effective for all water delivered on a measured basis on said Gloria Gardens Water Company's system.

IT IS HEREBY FURTHER ORDERED that on or before the first day of June, 1942, Frank Merkle and Frank Merkle, Jr., copartners, operating under the fictitious firm name and style of Gloria Gardens Water Company, shall refund to such consumers as may be entitled thereto, all amounts, if any, deposited for guarantee of payment of bills, and/or any other purposes, except for advances for main extensions, in the amount of \$722.13, which sum is to be refunded by Southern California Water Company. Not later than the above date said Frank Merkle and Frank Merkle, Jr., shall file with this Commission a certified statement to the

effect that all such refunds, if any, have been duly made.

IT IS HEREBY FURTHER ORDERED that, upon due compliance with the terms and conditions set forth above, Frank Merkle and Frank Merkle, Jr., copartners doing business under the fictitious firm name and style of Gloria Gardens Water Company, be and they are hereby relieved of all further public utility obligations and liabilities in connection with the properties herein authorized to be transferred.

IT IS HEREBY FURTHER ORDERED that upon execution of the authority granted herein to acquire the water system of Frank Merkle and Frank Merkle, Jr., Southern California Water Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate with the Railroad Commission within thirty (30) days from the date of the Order the following schedule of flat rates to be charged for all service furnished on that basis to its consumers on the Gloria Gardens water system, said schedule to cancel all other schedules of flat rates in conflict therewith and to become effective on and after the date it actually acquires control and possession of the properties herein authorized to be transferred:

Monthly Flat Rates

<u>Classification</u>	<u>Per Month</u>
For one residence with 3/4-inch service connection.....	\$1.50
For one residence with 1-inch service connection.....	1.75
For each additional residence on one lot.....	1.00
For duplex dwellings on one lot, with 3/4-inch service.....	2.50
For apartment buildings or flats, 3 apartments or less.....	3.00
For each additional apartment in excess of 3.....	.50
For school house, minimum.....	10.00
For live stock, per head.....	.25
For fire hydrants owned by County.....	1.50
For puddling or settling ditch, per 100 cubic feet, measured as one-half the volume of excavation.....	.25
For cement sidewalks, per 100 square feet.....	.20
For cement curbs, per 100 lineal feet.....	.40
For cement gutters, per 100 lineal feet.....	.40
For street grading and paving with macadam or asphalt, without concrete base, per 100 square feet.....	.06
For street grading and oiling, per 100 square feet.....	.06
For concrete street paving or concrete base for any variety of paving, per 100 square feet, including grading.....	.40

IT IS HEREBY FURTHER ORDERED that Case No. 4600, having been duly satisfied, be and it is hereby dismissed.

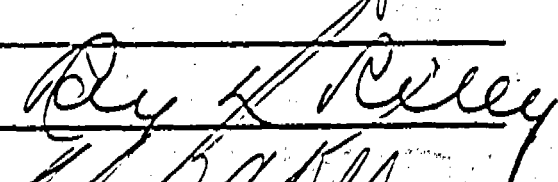
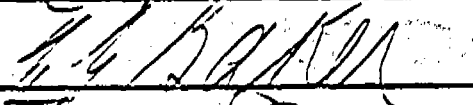
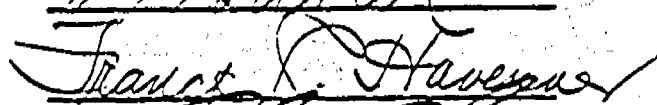
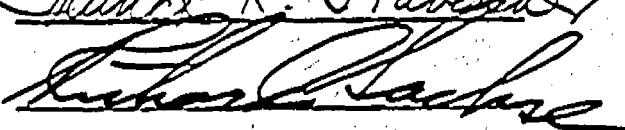
IT IS HEREBY FURTHER ORDERED that Southern California Water Company, a corporation, be and it is hereby authorized and directed as follows:

1. Within thirty (30) days from the date of this Order to file in quadruplicate with this Commission a suitable map or sketch, drawn to an indicated scale, upon a sheet approximately 8½ x 11 inches in size, showing the area served and the location thereof with reference to the surrounding territory; 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.
2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, upon which shall be delineated correctly by appropriate markings the various parcels in the territory served and the location and size of all transmission and distribution pipe lines. This map should be reasonably accurate and show the source and date thereof.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 12th day of May, 1942.





 COMMISSIONERS.