

Decision No. 38237

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of the FOUR TRACTS WATER CORPORATION, F. H. UEHLING, and UEHLING WATER CO., INC., for an Order authorizing the transfer of the water systems, franchise and easements.

Application No. 26614

Marshall and Farnham by O. E. Farnham
for Applicants.

BY THE COMMISSION:

OPINION

In this application, Four Tracts Water Corporation and F. H. Uehling, doing business as Uehling Water Company, both engaged in the business of supplying water for domestic purposes in adjoining subdivided areas approximately one mile east of the City of Compton, Los Angeles County, ask permission to transfer their water systems to Uehling Water Co., Inc.

A public hearing was held on this application in Los Angeles by Examiner Stava.

Uehling Water Co., Inc., is a California corporation with an authorized stock issue of \$5,000 consisting of 500 shares of the par value of \$10 per share. All of the stock was issued in payment for nonoperative real property, in accordance with a permit of the Commissioner of Corporations. Its issue therefore need not be authorized by the Railroad Commission. The amended application to issue the stock will be dismissed.

By Decision No. 33676, dated November 19, 1940, the Commission granted Four Tracts Water Corporation a certificate of public convenience and necessity to operate a public utility water system in Tracts Nos. 6307, 6743, 7003 and 7240, all in Los Angeles County. By Decision No. 37349, dated September 26, 1944, the Commission authorized F. H. Uehling to acquire, at \$24 per share, all of the 548

shares of outstanding stock of Four Tracts Water Corporation. He acquired this stock at an aggregate cost of \$13,152, which approximates the depreciated cost of the water properties of Four Tracts Water Corporation.

By Decision No. 24177, dated November 2, 1931, the Commission granted F. H. Uehling a certificate of public convenience and necessity to operate a public utility water system in a tract of land situated easterly from the City of Compton. At that time, the water system was serving Casa Venida Tract No. 4186 and Orange Boulevard Manor, also known as Tract No. 8174. He is now serving water in approximately the same area.

The following tabulation shows the fixed capital installed on each system as of December 31, 1944, and the operating revenues and operating expenses and number of consumers for 1944:

	<u>Uehling Water Co.</u>	<u>Four Tracts Water Corp.</u>	<u>Combined Properties</u>
Fixed Capital	\$21,553	\$20,328	\$41,881
Reserve for Depreciation	<u>9,441</u>	<u>7,352</u>	<u>16,793</u>
Fixed Capital Less Depreciation	\$12,112	\$12,976	\$25,088
Operating Revenues	\$ 7,697	\$ 5,056	\$12,753
Operating Expenses	<u>6,021</u>	<u>4,079</u>	<u>10,100</u>
Net Operating Revenue	\$1,676	\$ 977	\$ 2,653
Number of Consumers	376	258	634

F. H. Uehling now proposes to transfer his privately-owned water system and cause Four Tracts Water Corporation to transfer its properties to Uehling Water Co., Inc. The former properties are to be transferred for a consideration of \$12,500 and the latter for a consideration of \$13,000. The purchase price will be, for the time being, represented on the books of Uehling Water Co., Inc., as an account payable.

F. H. Uehling and members of his family own all of the outstanding stock of Uehling Water Co., Inc. It is their desire to have all of their public utility water properties under a single corporate ownership, and it is for this reason that permission is requested to transfer said properties to Uehling Water Co., Inc.

The measured and flat rates on the two systems are the same, except that the Four Tracts Water Corporation has rates for commercial and business premises. The Uehling system has no commercial service at present. The Uehling Water Co., Inc., desires to make effective throughout the area served by the two public utility systems the rates of the Four Tracts Water Corporation. Inasmuch as the filing of that rate will not result in an increase in charges to any of the existing consumers, such request will be granted by the following order.

The Uehling Water Co., Inc., is hereby placed upon notice that the Commission has no power to authorize the capitalization of the certificates of public convenience and necessity or the right to own, operate, or enjoy such certificates of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificates of public convenience and necessity.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

Application as entitled above having been filed with the Railroad Commission, and a public hearing having been held thereon, and the matter having been duly submitted and the Commission being fully advised in the premises;

IT IS HEREBY ORDERED that Four Tracts Water Corporation, a corporation, and F. H. Uehling, doing business as Uehling Water Company, are hereby authorized to transfer, on or before December 31, 1945, to Uehling Water Co., Inc., a corporation, the public utility water systems used by them in supplying water service to residents in the tracts of land situated approximately one mile east of the City of Compton, Los Angeles County, and covered by certificates of public convenience and necessity granted by the Commission by Decisions Nos. 24177 and 33676, said public utility water systems being more particularly described in this application.

IT IS HEREBY FURTHER ORDERED that if Four Tracts Water Corporation and F. H. Uehling, doing business as Uehling Water Company and Uehling Water Co., Inc., exercise the authority herein granted, they, or either of them, shall file with the

Commission, on or before December 31, 1945, the following:

1. A statement showing the date when said properties were transferred.
2. A copy of the deed and bill of sale by means of which said properties were transferred to Uehling Water Co., Inc.
3. Four copies of rates under the name of Uehling Water Co., Inc., for water furnished in the entire area served by it, which rates shall not be higher in any particular than the rates now on file with the Commission for the Four Tracts Water Corporation.
4. For the approval by the Commission, four sets of rules and regulations governing Uehling Water Co., Inc.'s relations with its consumers, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet 8 1/2 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area and the location thereof with reference to the immediate 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.
5. 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 by appropriate markings, the territory presently served. This map shall be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such map shall not be thereby 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.

IT IS HEREBY FURTHER ORDERED that upon the filing of the above data Four Tracts Water Corporation and F. H. Uehling, doing business as Uehling Water Company, are relieved of all public utility obligations in connection with said systems.

IT IS HEREBY FURTHER ORDERED that the amended application, filed on June 20, be and the same is hereby dismissed without prejudice.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is effective upon the date hereof.

Dated at San Francisco; California; this 24th day of
September, 1945.

Harold Rudman
Justin J. Crager
Richard Lachse
Frank W. Carr
Isaac Powell
Commissioners.