

Decision No. 39616

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 Orchard Dale Service Company and  
 La Habra Heights Mutual Water Company  
 for an order authorizing the execution  
 of a contract, modification of an  
 existing contract and conveyance of  
 property in connection therewith.

**ORIGINAL**

Application  
 No. 27924

Tuttle and Tuttle, by Edward W. Tuttle,  
 for applicants.

O P I N I O N

In this application, Orchard Dale Service Company asks permission to join in the execution and consummation of a contract looking toward the separation and transfer of an undivided interest in jointly owned and operated properties. A copy of the contract is on file in this application as Exhibit "1".

Orchard Dale Service Company, organized under the laws of California in 1928, is a public utility selling water in the Orchard Dale and Luitweiler Districts near Whittier. For 1945 it reports operating revenues of \$16,945.67, segregated as follows:

Domestic and commercial sales	\$ 2,708.97
Municipal hydrant rentals	120.00
Irrigation sales	14,116.70

At the end of 1945 it had 139 domestic and commercial and 38 irrigation service connections. Its investment in fixed capital as of August 31, 1946, is reported at \$137,935.54 and its reserve for accrued depreciation at \$90,629.68.

The parties to the proposed contract are La Habra Heights Co., hereafter called the Land Company, La Habra Heights Mutual Water Company, hereafter called Heights Mutual, Orchard Dale Service Company, hereafter called Orchard Dale, Hillside Distribution Company, hereafter called Hillside, and La Mirada Mutual Water Company, hereafter called La Mirada.

La Mirada owns about 40 acres of land adjacent to the San Gabriel River known as the Judson Lands, being Lot 1 in Tract 1910. It also owns the water production facilities on such lands and the transmission main from the pumping plants to the Orchard Dale pumping plant. It also has the right to 300 miner's inches of water from the Judson lands. The Heights Mutual has the right to take 450 miner's inches of water and the Orchard Dale 150 miner's inches of water from such lands.

The Land Company is the owner of certain undivided lands in the La Habra Heights area. It desires to improve and subdivide such lands and has attached to them, or proposes to attach to them, shares of stock of Heights Mutual. The Land Company, as guarantor of bonds and notes of La Mirada, paid to the trustee funds for the payment of such obligations and thereby has created a claim of about \$160,000 against La Mirada. In settlement of this claim it is proposed to transfer the assets of La Mirada to the Land Company and the latter to assume the liabilities of the former. Thereafter La Mirada will be dissolved. The Land Company is also under contractual obligations to construct certain reservoirs and facilities for Heights Mutual. This obligation will be discharged by transferring to Heights Mutual the 300 miner's inches of water now owned by La Mirada.

Hillside was organized by the owners of the 900 miner's inches of water mentioned above, for the purpose of managing and operating the wells, pumping plants and system of La Mirada, and delivering water in a wholesale manner at cost to the owners of such water. The expenses of Hillside are pro-rated to Heights Mutual, La Mirada and Orchard Dale in accordance with the agreement executed under the authority granted by Decision No. 21319, dated March 1, 1929, in Application No. 15655 (Vol. 33 CRC, page 351).

Heights Mutual and Orchard Dale are the owners of (3/4 and 1/4 undivided interest respectively) what is known as the Orchard Dale pumping plant and reservoir site, being portions of Lot Forty-one (41), Block Two (2) of Tract Five Hundred Five (505) as per map recorded in Map Book 15, pages 94 and 95, Records of Los Angeles County, as particularly described in the deed from La Mirada to Orchard Dale dated March 1, 1939, recorded April 29, 1939, in Book 16510, page 371, Official Records of Los Angeles County. Orchard Dale proposes to transfer its 1/4 undivided interest in such properties to Heights Mutual and in turn receive a 1/4 interest in the operating capacity of a new 1,250,000 gallon reservoir to be constructed at an estimated cost of \$40,000 by Heights Mutual. It will also receive a small pumping plant site, certain pumping equipment now in the Orchard Dale pumping plant, and appropriate easements and rights to install its own pipe line connecting the reservoir to its distribution system. The depreciated value of the property which it is releasing is by applicants reported at \$3,011, and the depreciated value of the property which it will receive at \$12,172. It will have to expend about \$4,800 to install 1,200 feet of 14-inch transmission line to

connect its distribution system to the new reservoir, and about \$4,000 for a new pump house and installing pumping equipment.

If the contract is executed and consummated, La Mirada and Hillside will be dissolved. Orchard Dale and Heights Mutual will join in an operating agreement under which Heights Mutual will maintain and operate the Judson well field, the transmission line from such field to the Orchard Dale reservoir, and the Orchard Dale reservoir. The maintenance and operating costs will be pro-rated between the two companies in accordance with the agreement attached as Exhibit "E" to Exhibit "1". The agreement provides that the accounts of Heights Mutual will at all times be open to inspection by Orchard Dale and by the California Railroad Commission. Heights Mutual will obtain independent control of its system from the source of supply to the point of consumption, while Orchard Dale will have independent operation of its system beyond the Orchard Dale reservoir. The storage capacity of the Orchard Dale reservoir will provide to Orchard Dale a greater continuity of service and will permit the uniform operation of the pumps at the Judson well field. Water should be delivered to the reservoir at a lower cost.

No one appeared at the hearing to protest the granting of this application.

#### O R D E R

A public hearing having been held in the above entitled matter before Examiner Fankhauser, and the Railroad Commission having considered the evidence submitted at such hearing and it being of the opinion that the execution of the contract filed in

this application as Exhibit "1" is not contrary to public interest, and that this application should be granted, therefore,

IT IS HEREBY ORDERED that Orchard Dale Service Company may join in the execution and consummation of a contract in, or substantially in, the same form as the contract filed in this application as Exhibit "1", provided that the authority herein granted is not construed as a finding of the value of the properties herein authorized to be transferred.

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

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution of said contract, Orchard Dale Service Company shall file with the Railroad Commission a true and complete copy of such contract.

Dated at Los Angeles, California, this 15<sup>th</sup> day of November, 1946.

Harold A. Kule  
Justus J. Quinn  
Sam H. Powell  
Commissioners