

ORIGINAL

Decision No. 40080

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Amended Application No. 28157

R. H. Nicholson, for both Applicants.

O P I N I O N

In this proceeding, as amended, J. E. Laycook, doing business as McHann and Laycook Domestic Water System near El Monte, Los Angeles County, asks permission to sell for \$70,000, subject to certain adjustments, his public utility water properties to San Gabriel Valley Water Company, a corporation engaged in the business of delivering and selling water for domestic and commercial purposes in the vicinity of El Monte and Whittier, Los Angeles County, and in and in the vicinity of Fontana, San Bernardino County. The water properties of J. E. Laycook are situated adjacent to, and are partially surrounded by, the El Monte District System of San Gabriel Valley Water Company.

Applicants allege that inadequate service is being supplied in certain portions of the Laycook System and as it is partially surrounded by San Gabriel System, this latter company will interconnect the two systems and make the necessary improvements in order to provide adequate service. Applicants further allege that public convenience also will be served by combining the two properties as it will result in reducing the cost of operation.

A public hearing in this proceeding was held before Examiner Stava in Los Angeles.

The Commission in its Decision No. 26492, issued November 6, 1933, granted E. H. McHann and J. E. Laycook, doing business as McHann and Laycook

Domestic Water Company, a certificate of public convenience and necessity to operate a public utility water system in two separate areas, one of which was located southeasterly of the City of El Monte, and the other, which is the territory involved herein, located southwesterly of the City of El Monte, Los Angeles County.

The certificated area of the system being transferred contains approximately 850 acres of land. This territory is about sixty-five per cent subdivided into residential lots and piped for water service. Water is obtained from four wells by pumping and is distributed to the customers with the aid of pressure tanks. The distribution system consists of approximately 116,000 feet of mains that vary from one to eight inches in diameter. There are 1,352 customers being supplied by this system of which 1,348 are served at flat rates and the balance supplied through meters. For 1946, J. E. Laycook reports operating revenues of \$24,597.25.

The records show that Mr. Laycook is interested in real estate business and other enterprises and that he desires to retire from public utility activities. San Gabriel Valley Water Company's service area adjoins the territory served by the Laycook System. It plans to interconnect immediately the two distribution systems and operate the properties as a single unit. The record shows that inadequate service was rendered during the summer months in a portion of the Laycook System located north of Garvey Avenue. San Gabriel Company plans to connect the deadend mains in this area, install a new pipe line across Garvey Avenue, and, if necessary, will install larger pumping units to supply more water to this section.

J. E. Laycook reports the cost of his water properties, as of December 31, 1946, at \$51,516. R. K. Nicholson testified that he made a cursory survey of the properties and that in his opinion the \$51,516, reported by J. E. Laycook as the cost of the properties, does not include the cost of mains installed by subdividers who have received no refunds, nor the cost of mains installed by J. E. Laycook in connection with his subdivisions. He estimates the

cost of the Laycook properties at \$126,586 and proposes to make a detailed inventory and appraisal of the properties. Such appraisal should include an estimate of the accrued depreciation in the properties. The Commission will, after the receipt of the inventory and appraisal, determine the amounts which San Gabriel Valley Water Company may charge to its fixed capital accounts if it acquires the J. E. Laycook properties.

Applicants ask the Commission to permit the immediate transfer of the properties in order that the two systems may be interconnected and necessary improvements, to which reference has been made, may be installed. San Gabriel Valley Water Company will operate the Laycook properties in accordance with the rates, rules and regulations which J. E. Laycook now has on file with this Commission.

No one appeared to protest the sale of the property involved herein and, under the circumstances, the requested authority to transfer it will be granted.

The San Gabriel Valley Water Company, a corporation, is hereby placed upon notice "that the Commission has no power to authorize the capitalization of the certificate of public convenience and necessity herein authorized to be transferred, or the right to own, operate, or enjoy such certificate 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 certificate of public convenience and necessity or right."

The authority herein granted shall not be construed to be a finding of value of the properties herein authorized to be transferred.

O R D E R

Application as amended and as entitled above having been filed with the Public Utilities Commission of the State of California, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

IT IS HEREBY ORDERED that J. E. Laycock, doing business as McHann and Laycock Domestic Water System, is hereby authorized to transfer, on or before June 30, 1947, to San Gabriel Valley Water Company, a corporation, the public utility water system supplying water service to residents in the tracts of land situated east of the Rio Hondo and southwesterly of the City of El Monte, Los Angeles County, and covered by a certificate of public convenience and necessity granted by the Commission in its Decision No. 26492, issued November 6, 1933, said utility system being more particularly described in the agreement attached to the application herein marked Exhibit "A" and in exhibits filed at the hearing which are hereby made a part of this Order by reference.

IT IS HEREBY FURTHER ORDERED that J. E. Laycock, doing business as McHann and Laycock Domestic Water System, upon the transfer of said public utility water properties, is relieved of all public utility obligations and liabilities in connection with the operation of said properties.

IT IS HEREBY FURTHER ORDERED as follows:

1. That San Gabriel Valley Water Company, within sixty (60) days after the acquisition of said properties, shall file with the Commission a statement showing the date upon which it acquired said properties and began to operate the same. It shall also file with the Commission a statement showing the amount paid for the properties and a copy of the deed under which it holds title to said properties.
2. That San Gabriel Valley Water Company is hereby directed to file, on or before April 30, 1947, four copies of the rates for water service furnished by this system in Los Angeles County, which rates shall not be higher, in any particular, than the rates now being charged for the various classes of service rendered.
3. That San Gabriel Valley Water Company, within sixty (60) days from the date of this Order, shall submit to this Commission for its approval four sets of rules and regulations governing 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 x 11 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.

4. That San Gabriel Valley Water Company, within sixty (60) days from the date of this Order, shall 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 by appropriate markings the territory presently to be served. This map should 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 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. The authority herein granted will become effective when J. E. Laycock has filed with the Commission a statement under oath showing that any deposits for main extensions, meters and service connections, or for any other purpose, due and payable under his rules and regulations as of the date of the transfer of said properties have been refunded.

Dated at Los Angeles, California, this 25th day of March, 1947.

Harold P. Huls
Justus W. Calver
R. B. [unclear]
[unclear]

 Commissioners.