

Decision No. 42002**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA WATER COMPANY and E. W. BRINGHURST, doing business as Bringhurst Water Works, for an order (a) authorizing the sale to Southern California Water Company of the water system of Bringhurst Water Works and the Certificate of Public Convenience and Necessity for the operation thereof, (b) authorizing Southern California Water Company to acquire from Georgia Lee Pangborn a water distribution system and to lease from Georgia Lee Pangborn a water well, pumping equipment and appurtenant facilities, (c) authorizing Southern California Water Company to operate the properties so acquired, and (d) authorizing Bringhurst Water Works to discontinue service as a public utility.

Application No. 29412

O'Melveny & Myers, by Lauren M. Wright and Frederick N. Edwards,
for applicants.

O P I N I O N

Southern California Water Company, a public utility, in this proceeding asks this Commission for authority to purchase two small water systems, one Bringhurst Water Works, the other a system owned and operated by Georgia Lee Pangborn. Said water company also asks for a certificate of public convenience and necessity to distribute and sell water in the territory served by these two water systems, located near Artesia in Los Angeles County. Further request is made for authority to enter into a lease agreement with Georgia Lee Pangborn for the temporary use of her well and pumping plant together with certain other necessary facilities.

A public hearing was held before Examiner Thompson at Artesia on July 14, 1948, at which time evidence was adduced and the matter submitted for decision.

Southern California Water Company, a corporation, is a public utility engaged principally in the business of distributing and selling water in certain areas in the Counties of Los Angeles, Orange, San Bernardino, Ventura, Imperial and Sacramento, in the State of California.

E. W. Bringhurst, doing business under the fictitious name and style of Bringhurst Water Works, is engaged as a public utility producing and distributing water in Los Angeles County in the vicinity of Artesia.

On March 25, 1948 applicants entered into an agreement whereby E. W. Bringhurst would sell and convey to Southern California Water Company all of his water utility properties used and useful in rendering water service to its service area located near Artesia. The agreed purchase price is \$22,500.

The amount of fixed capital by major accounts of the Bringhurst Water Works involved in this sale was introduced into the record, and is shown as follows:

FIXED CAPITAL AS PER BRINGHURST WATER WORKS BOOKS
WITH ESTIMATED COST
PREPARED BY SOUTHERN CALIFORNIA WATER COMPANY

<u>Account</u>	<u>Bringhurst Books as of 12-31-47</u>	<u>Southern California Water Co. Estimated Cost as of 5-31-48</u>
C-1 Organization	-	\$ 100.00
C-5 Land	\$ 1,650.00	2,500.00
C-6-A Source of Water Supply Bldgs.	725.00	603.27
C-10 Wells	5,748.00	3,551.45
C-14 Pumping Equipment	5,850.03	6,149.53
C-18 Distribution Mains)	-	9,346.50
C-21 Services)	17,605.76	2,653.22
C-22 Meters)	-	1,310.35
Total Fixed Capital	<u>31,578.79</u>	<u>26,214.32</u>
Deduct Accrued Depreciation	<u>2,106.76</u>	<u>4,046.32</u>
Net Fixed Capital	<u>29,472.03</u>	<u>22,168.00</u>

On May 10, 1948 Southern California Water Company entered into an agreement with Georgia Lee Pangborn whereby the latter did transfer and assign to the former all right, title and interest in a water distribution system in Tract No. 11929, located adjacent to part of the Bringhurst service area. The only consideration for the conveyance of Pangborn's distribution system to Southern California Water Company is the latter's performance of rendering public utility water service in Tract No. 11929. Pangborn is presently rendering water service in this tract without a certificate of public convenience and necessity.

In addition, Southern California Water Company has entered into a lease agreement with Georgia Lee Pangborn for the lease of a water well and pump, with various appurtenant equipment, located in Tract No. 11929, for the sum of \$10 per month. It was testified by applicants' witness that the lease of this water well by Southern California Water Company would be for a limited time only until the company was able to make the necessary changes and additions in order to operate it as an integrated system.

It was testified that the distribution system of Pangborn is located on private property in which easements have been provided and, therefore, a county franchise is not required.

The rates for water service which Southern California Water Company proposed to apply to the present service area of Bringhurst and Pangborn are those of Bringhurst presently in effect and on file with this Commission. These rates consist of two schedules, a general metered rate which has a quantity charge of \$1.50 per month for the first 500 cubic feet or less, with excess at 15 cents per 100 cubic feet, and a second schedule covering flat rate service which provides for a rate of \$1.50 per month for houses of five rooms or less with lot not to exceed 50 x 150 feet.

It was testified at the hearing that the estimated gross revenue for the year 1948 to be expected from the combined Bringham and Pangborn water systems would be approximately \$9,000, and that operating expenses would be \$6,596, leaving a net available for return of about \$2,404. Applicants' witness further testified that the estimated total historical cost less depreciation plus proposed immediate improvements and replacements to the combined systems would be \$46,558. It was further brought out in this testimony that, based on these estimated results of operation for the year 1948, a return of 5.16% on the capital would be indicated.

Upon this record, and after consideration of all the evidence presented herein, we are of the opinion that the purchase of the Bringham water utility properties by Southern California Water Company is not contrary to the public interest and should be authorized. Further, that the acquisition by Southern California Water Company of the Pangborn distribution system and lease of the well and pumping equipment is not contrary to the public interest and should be authorized.

We are of the opinion, and hereby find, that public convenience and necessity require that Southern California Water Company be authorized to render water service in that area now served by Pangborn, and more particularly designated as Tract No. 11929.

From evidence upon this record, applicants' proposals to keep in effect the rates of E. W. Bringham in the Bringham service area, and to install said rates in the Pangborn service area, are just and reasonable.

We are of the opinion that Southern California Water Company should be authorized to render water utility service in the areas presently served by Bringham and Pangborn upon acquisition of the water systems, and that E. W. Bringham should be authorized to discontinue service as a public utility.

The action taken herein shall not be construed to be a finding of the value of the public utility property herein authorized to

to be transferred pursuant to said lease nor a finding of the reasonableness of the consideration to be paid by applicant, Southern California Water Company, for the lease of said property for purposes of rate fixing or issuance of securities.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the matters having been submitted, the Commission being fully advised in the premises, and hereby finding that public convenience and necessity so require, and that the public interest will be served,

IT IS HEREBY ORDERED as follows:

1. That E. W. Bringhurst be, and hereby is authorized, to sell and transfer to Southern California Water Company, and the latter hereby is authorized to purchase and acquire from the former the properties used and useful in the conduct of the business by Bringhurst of producing and distributing water in his present service area in accordance with the terms of the agreement attached to the application as Exhibit No. 1; and to acquire the operative right created by the certificate of public convenience and necessity granted to E. W. Bringhurst by Decision No. 22973, dated October 17, 1930, on Application No. 16824.
2. That E. W. Bringhurst be and he is hereby authorized to discontinue public utility water service in those certain tracts of land known as Woodland Park Nos. 1, 2, 3, 4 and 5; Tract No. 5206, known as Hawaiian Gardens No. 3; and Hawaiian Gardens No. 2.
3. That Southern California Water Company be and it is hereby authorized to acquire from Georgia Lee Pangborn the water distribution system in Tract No. 11929, and to lease a water well and pumping equipment located on said tract, all in accordance with the terms of the agreement, a copy of which is attached to the application as Exhibit No. 4.
4. That a certificate of public convenience and necessity be and it is hereby granted to Southern California Water Company to operate a public utility water system for the distribution and sale of water within Tract No. 11929, Los Angeles County, and as set forth in Exhibit No. 3 attached to the application.
5. That Southern California Water Company shall render water service in the additional service area acquired by this Order under the rules and regulations heretofore authorized, and shall within sixty (60) days from the effective date of this Order submit to this Commission four (4) sets

of a suitable map or sketch, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its service area, and the location thereof with reference to the immediate surrounding territory; provided, however, that such a 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. That Southern California Water Company shall, within sixty (60) days from the effective date of this Order, file with this Commission four (4) 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 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 final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.
7. That Southern California Water Company is authorized to file on or after the effective date of this Order the schedules of rates set forth in Exhibit A attached hereto, said schedules to be applicable to and charged for all water service rendered to the additional service authorized herein, on and after October 1, 1948.

The effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 3rd day of August, 1948.

R. T. [Signature]
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners.

EXHIBIT A

Schedule No. 1

South Artesia Tariff Area

GENERAL METERED RATE

APPLICABILITY

Applicable to metered water service for domestic, commercial, industrial, and other purposes.

TERRITORY

Within territory in unincorporated area in the County of Los Angeles, south of the unincorporated town of Artesia.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Charge:	
First 500 cu.ft. or less.....	\$ 1.50
Over 500 cu.ft., per 100 cu.ft.....	.15
Minimum Charge:	
For 5/8-inch x 3/4-inch meter.....	\$ 1.50
For 3/4-inch meter.....	1.80
For 1-inch meter.....	2.40
For 1 1/2-inch meter.....	3.30
For 2-inch meter.....	4.50

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

Schedule No. 2

South Artesia Flat Rate Tariff Area

FLAT RATE SERVICE

APPLICABILITY

Applicable to existing consumers being served at flat rates on July 14, 1948, within South Artesia District, or to new customers in locations where the installation of meters would not be feasible.

TERRITORY

Within territory in unincorporated area in the County of Los Angeles, south of the unincorporated town of Artesia.

RATE

	<u>Per Month</u>
For houses of five rooms or less with lot not to exceed 50' x 150'.....	\$ 1.50
For each additional room.....	.10
For sprinkling lawns, gardens or shrubbery, per 100 square feet.....	.05

Any consumer is entitled to metered service upon application therefor and the Utility may meter any and all service connections.