

Decision No. 42928

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PALISADES DEL REY WATER COMPANY, a
 corporation, for an order authorizing
 it to sell, transfer and convey its
 assets, plant, system and other
 property.

Application No. 30222

ORIGINAL

OPINION AND ORDER

Palisades Del Rey Water Company, a corporation, on April 12, 1949, applied for authority to sell its plant, system and properties, with certain exceptions, to the City of Los Angeles for the sum of \$75,000 cash in accordance with the terms of an agreement attached to the application as Exhibit A, thereto.

The agreement provides for the sale, transfer, and conveyance of the assets, plant, system and other property used and useful in utility operations, the water rights, and certain designated items of real property to the Department of Water and Power of the City of Los Angeles. Excluded from the agreement are applicant's trucks, materials and supplies, accounts receivable, miscellaneous investments, cash and special deposits. Also excluded is the franchise granted under Ordinance No. 63383 of the City of Los Angeles, dated March 27, 1929. Taxes are to be prorated, and outstanding insurance will be cancelled in accordance with the terms of the agreement of sale. The agreement is concurred in by the City of Los Angeles, a municipal corporation, by its Resolution No. 798, dated April 7, 1949.

Applicant's system, lying wholly within the City of Los Angeles, serves domestic metered water to 429 customers in an area comprising approximately 600 acres lying along Santa Monica Bay between

Venice and El Segundo. Recently, water levels in the West Coast Basin, where water is obtained, have dropped to such an extent there is danger of salt water intrusion, and some has already taken place. In order to combat this, it is apparent that applicant is obliged to seek a new source of water supply. The City of Los Angeles serves water within 1,300 feet of applicant's service area and is able to extend its service into said area without undue burden on its system. It will furnish water of better quality, at more consistent pressures, without danger of interruption, and at rates comparable with, and in some cases less than, those charged by applicant.

In its annual report to the Commission for the year ending December 31, 1948, applicant reported total fixed capital in service amounting to \$244,356.66 with a depreciation reserve of \$112,717.18, operating revenues of \$18,581.68, operating expenses of \$18,327.79, and net operating revenues of \$253.89. Applicant has no outstanding bonds or other indebtedness.

As of May 17, 1949, the applicant's records show that there were no consumers' advances for construction and no donations in aid of construction. All consumers' deposits have been refunded.

It appearing that public hearing is not necessary herein, that the sale and transfer of these properties is in the public interest, and that the application should be granted, subject to certain conditions:

IT IS HEREBY ORDERED that Palisades Del Rey Water Company is authorized to sell, after the effective date hereof and on or before the first day of August, 1949, to the City of Los Angeles (Department of Water and Power) substantially in accordance with the terms of an agreement dated March 31, 1949, a certified copy of which is attached to the application as Exhibit A, those certain parcels of property described therein, and as shown by the map attached to Exhibit A of the application, subject to the following conditions:

1. Applicant shall, within thirty (30) days thereafter, notify this Commission in writing, of the completion of the property transfer herein authorized and of its compliance with the conditions hereof.
2. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

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

Dated at Los Angeles, California, this 1st day of

June, 1949.

R. Z. [Signature]

[Signature]

[Signature]

[Signature]
Commissioners.