

ORIGINALDecision No. 47356

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CALIFORNIA WATER & TELEPHONE COMPANY)
 to sell and transfer a portion of) Application No. 32990
 its property in its Sweetwater)
 District.)

Bacigalupi, Elkus & Salinger and Miller, Higgs,
 Fletcher and Mack, by DeWitt A. Higgs, for applicant.
George T. Prout for property owners in unincorporated
 area, protestant. John Cranston for Greenwood Memorial
 Park, Gene L. Vincenz for County of San Diego, and
H. G. MacClemmey, in propria persona, interested parties.
Harold J. McCarthy, for the Public Utilities Commission
 staff.

O P I N I O N

Applicant herein requests authority to sell to the
 City of San Diego for the sum of five thousand dollars (\$5,000),
 subject to the terms of the agreement of sale dated December 6,
 1951, and attached to the application as Exhibit 1, all of the
 facilities of applicant, excepting the meters and meter boxes
 on Delta (Fisher) Street, in the following described area:

That certain area within the City of San Diego
 consisting of approximately 320 acres and composed
 of lots 50, 51, 56, 57, 60, 61, 66, 67, and a
 portion of lots 70 and 45 of the Ex-Mission Lands;
 and that certain area outside of the city limits of
 the City of San Diego and within the County of San
 Diego consisting of approximately 80 acres, and
 comprised of lot 44 and the remaining portion of
 lot 45 of the Ex-Mission Lands.

A public hearing was held at San Diego on April 25, 1952, before Examiner Syphers, at which time evidence was adduced and the matter submitted. It is now ready for decision.

At the hearing testimony was presented by the Division Manager of the applicant company, showing that there were 47 consumers of water in the above-described county or unincorporated area and 65 consumers in the City of San Diego who will be affected by the foregoing proposal. Exhibit 2 is a copy of a letter sent by the applicant company to the 47 consumers in the unincorporated area, together with a list of their names and addresses, while Exhibit 4 is a copy of a letter sent by applicant company to 61 consumers in the incorporated area and a list of their names and addresses. These letters advised the consumers of the proposed sale.

According to the agreement entered into between the applicant company and the City of San Diego, and also in accord with testimony presented at the hearing, it is the policy of the City of San Diego not to provide water service to areas outside the city limits. Therefore, it will be necessary for the 47 consumers in the unincorporated area to annex themselves to the City of San Diego if they are to receive water service therefrom. Exhibit 3 is a copy of a letter sent by the City Manager of San Diego to the 47 consumers involved, advising them of this situation.

One of the consumers in the county area is a cemetery operated under the name of Greenwood Memorial Park. This consumer takes the position that it does not oppose the

discontinuance of service inasmuch as it has its own water system to which it can resort for a water supply. Exhibit 5 is a letter from the Greenwood Memorial Park advising applicant of this situation.

The testimony further showed that the water mains in the area proposed to be sold are in very poor condition and should be replaced in the immediate future. Exhibits 9, 10 and 11 show the original and reproduction costs of the distribution system, the service lines and meters, and the supply and distribution mains. Examination of these exhibits discloses that most of these facilities have been installed for many years.

It was the testimony of the company witnesses that the operation proposed to be sold was not profitable to the company and that it sustained a net operating loss in that area of \$700.66 during the year 1951. Exhibit 8 shows the operating revenues and expenses for this area for the year 1951.

In the light of the condition of the water facilities, and because the company is operating at a loss in that area, it was contended that the cost of replacing the water system would be prohibitive as to the applicant company. It was further contended that, if the sale to the City is approved, the consumers will receive a better service since San Diego has some mains in the area and can more economically provide water service.

It was stipulated between the parties that there is now pending an annexation proceeding in the office of the City Clerk of the City of San Diego to annex all of the unincorporated area here concerned, with the exception of the Greenwood Memorial Park. It was further stipulated that the City of San Diego is willing to undertake service to this area under the conditions hereinabove referred to.

A witness for the Water Department of the City of San Diego testified that the City is in a position to serve the area concerned, and that the rates it would charge are lower than the existing rates of applicant company. Exhibit 13 is a copy of Ordinance 4339 of the City of San Diego, relating to a water service, and Exhibit 14 is a copy of the schedule of rates which would be applied.

Testimony was presented showing typical instances of water costs to consumers in the area under the rates of applicant company and of the rates of the City of San Diego. Exhibit 15 shows these examples, and in all cases it appears that the rates of the City of San Diego are lower. However, it was pointed out that if additional mains were extended into the area by the City of San Diego, then the property owners would be required to pay for the extensions as provided for in existing city ordinances. It was further stated that such a change in mains would probably be effected by the City at some time in the future.

Opposition to the proposed sale was presented by a representative of a group of property owners living in the unincorporated area. Exhibit 16 is a petition protesting the

discontinuance of service by the applicant, and opposing annexation to the City of San Diego, which petition is signed by 27 of the consumers in the unincorporated area. It was the position of this group that they were opposed to annexation, and that, under the terms of the proposed sale, if they did not submit to annexation they would be left without water service, should the sale be approved.

Additional testimony was presented by two property owners in the unincorporated area to the effect that they favored annexation to the City of San Diego and also the proposed sale of the water facilities.

A fair view of this testimony impels the conclusions that it would not be in the public interest to deprive the 47 consumers in the unincorporated area of water service. Apparently the proposed sale would have that effect, unless and until that area may become annexed to the City of San Diego. The evidence is quite clear that applicant does not propose to continue service to these 47 consumers should the sale be approved. To do so would involve the maintenance of a water main about one mile in length, and it was contended this would be far too costly. Since this proposed annexation is something over which this Commission does not have jurisdiction, and since there would be no provision for water service to these 47 consumers under the proposed agreement, we find the proposed sale would be adverse to the public interest.

Therefore, on this state of the record, the application will be denied, with the provision that these proceedings may be reopened at any time should applicant be able to present a proposal which would not deprive these 47 consumers of water service.

O R D E R

Application as above entitled having been filed,
public hearing having been held in the matter, and the Commission
being fully advised in the premises,

IT IS HEREBY ORDERED:

(1) That the application of California Water & Telephone
Company to sell and transfer a portion of its property in the
Sweetwater District, as hereinabove described, to the City of
San Diego, be and it hereby is denied.

(2) That applicant may request a reopening of this pro-
ceeding at any time that it may be able to present a proposal
whereby the 47 consumers in the unincorporated area are not
deprived of water service.

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

Dated at San Francisco, California, this 24th
day of June, 1952.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners