

**ORIGINAL**Decision No. 48640

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 its property in its )  
Sweetwater District. )

Application No. 32990  
(First Supplemental)

Higgs, Fletcher and Mack, by Ferdinand T. Fletcher,  
for applicant.

McInnes & Hamilton, by Thomas M. Hamilton, for  
Lomita Homes, Inc., and Highland Park Homes, Inc.,  
in support of the application.

George T. Prout, for property owners in unincorporated  
area, protestant.

E. Ronald Foster, for the Commission staff.

O P I N I O N

By Decision No. 47356, dated June 24, 1952, in this  
application as originally filed, the Commission ordered in paragraph  
(2) thereof as follows:

"That applicant may request a reopening of this  
proceeding 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."

Pursuant to the above-quoted paragraph, applicant filed  
a supplemental application on January 31, 1953, in which it alleged  
that a memorandum of agreement, dated January 22, 1953, copy of  
which was attached to said supplemental application as Exhibit  
No. 1, had been entered into with the City of San Diego. This  
agreement provided for the sale by applicant of the portion of its  
system within the city limits of the City of San Diego and within  
the unincorporated territory shown on the map attached to Exhibit  
No. 1 of the application. The agreement provided for the sale for  
the sum of \$3,500 cash, of all of applicant's facilities, including

its distribution lines, fittings, valves, equipment and appurtenances, together with rights of way, and easements over and upon private property and upon any streets or public highways, except its meters and meter boxes, and a pipeline located on Delta (Fisher) Street.

The agreement further provided that water service to consumers both in incorporated and unincorporated territory would be furnished by the City of San Diego.

A public hearing was held before Examiner Warner on March 30, 1953, at San Diego. Counsel for Lomita Homes, Inc., and Highland Park Homes, Inc., two proposed subdivisions within the city limits of the City of San Diego, appeared in support of the application. A distribution pipeline which lies in a private right of way owned by the applicant and which furnishes water service to both the incorporated and unincorporated areas, traverses the proposed subdivisions. Until the pipeline and the easement are sold by applicant to the City of San Diego, construction in the subdivision will be held up. Counsel urged, therefore, that approval of the application be expedited.

The record shows that 65 consumers are located within the limits of the City of San Diego and 47 consumers are located in the county area. No protests were entered at the hearing by any consumers within the city who will receive water from the city at rates lower than now charged by the applicant, but the granting of the application was again protested by some of applicant's consumers located in the unincorporated area. Two customers in the unincorporated area supported the application because there is now a lack of adequate fire plugs in the area and consequently insurance rates there are very high. They also stressed the lack of sewage and of police protection and stated that inclusion of the area in the city would be of benefit. A cemetery association in the unincorporated

section indicated that it was neutral as to the application as it had its own water wells.

The objections by the consumers in the unincorporated area were based on the fact that although water service would be provided to them by the city, the city's rates for water service outside the city limits were substantially higher than applicant's present rates. The minimum charge presently applicable to protestants' service is \$2.40 per meter per month, which entitles the consumer to a monthly consumption of 500 cubic feet of water. Applicant's quantity charge is \$0.38 per 100 cubic feet for consumptions between 500 and 2,000 cubic feet per meter per month, \$0.25 per 100 cubic feet for the next 28,000 cubic feet, and \$0.22 per 100 cubic feet for monthly consumption in excess of 30,000 cubic feet per meter. The city's quantity charge would be \$0.50 per 100 cubic feet for all quantities, with a minimum of \$3.40 per meter per month, which is an increase of 41.7 per cent over applicant's minimum charge. This evidence of the city's rates was all in the original record.

Protestants reiterated the objection raised at the original hearing that water main extensions which might be constructed by the city, not in excess of 100 feet, would cost \$2.00 per foot of frontage of property to be served and that replacement of water mains would cost \$1.65 per front foot. This would apply alike to customers in the city as well as to those outside the city. A majority of the consumers in the entire area affected expressed no objection to this cost. The consumers in the unincorporated area also stressed the fact that their rates will be higher under city control than the rates they now pay the applicant company.

At the 1952 hearing, uncontradicted evidence was introduced showing that the annual company net operating loss in the area affected was \$700.66 of which \$675.31 was attributable to the service

in the unincorporated portion of that area. Due to the awkward physical situation of the company maintaining long trunk line pipes through the city to serve this small island of territory, it appears probable that if the company is required to continue to serve these people, they will be faced with substantial increases in rates. Consequently, even if the application be denied these consumers could not be assured that they would continue to enjoy the present lower rate structure. The proposed transfer under the city's agreement will assure protestants of water service by the purchasing city. Should the customers in the unincorporated area consent to annexation they would thereby receive water at the same rates as those in the city limits.

Conclusion

After a careful review and consideration of the entire record, the Commission is of the opinion that the proposed transfer would not be adverse to the public interest and should be authorized.

Service Charge

The record further discloses that a so-called service charge of \$35 for a service connection and meter installation was made by applicant in the fall of 1951 to one Roy E. Ferguson, 4512 Imperial Avenue, San Diego 13, California, purportedly in accordance with applicant's Rule No. 20, Temporary Service. The company considered that the life of this service would be temporary in view of the proposed sale to the city. The Commission does not consider this to be a temporary service within the meaning of the rule, and charges of this nature should be refunded.

O R D E R

First supplemental application having been filed, a public hearing having been held, the matter having been submitted and the

Commission being fully advised in the premises,

IT IS HEREBY ORDERED as follows:

1. California Water & Telephone Company is authorized to sell and transfer a portion of its property in its Sweetwater District in accordance with the terms of the memorandum of agreement, copy of which was attached to the first supplemental application as Exhibit No. 1.
2. Applicant, within sixty days after the effective date hereof, shall file with the Commission notice that said transfer has been completed, together with a certified copy of any instruments of transfer executed to effect said transfer.
3. Applicant, within sixty days after the effective date hereof, shall also file a revised tariff service area map in accordance with General Order No. 96.
4. Upon compliance with ordering paragraph 2, applicant shall be relieved of its obligation to render service in the area described as follows:

That certain area within the City of San Diego consisting approximately of 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 the city limits of the City of San Diego and within the County of San Diego consisting of approximately 80 acres, and comprising lot 44 and the remaining portion of lot 45 of the Ex-Mission Lands.

5. California Water & Telephone Company shall file with this Commission, within sixty days after the date of sale of said properties, a copy of each and every journal entry used to record on its books of account the sale of all the properties herein authorized to be transferred and sold.

IT IS HEREBY FURTHER ORDERED that the authorization in the foregoing order is made upon the express understanding and condition that the City of San Diego render water service to the forty-seven consumers now in the unincorporated area pursuant to its contract.

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

Dated at San Francisco, California, this 26th day of May, 1953.

R. T. [Signature]  
PRESIDENT  
James J. [Signature]  
Harold [Signature]  
Samuel [Signature]  
John L. [Signature]  
COMMISSIONERS