

Decision No. 52834

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of PARK LANE WATER COMPANY)
and SOUTHERN CALIFORNIA WATER COMPANY)
for an order or orders (a) authorizing)
Park Lane Water Company to sell and trans-)
fer its properties to Southern California)
Water Company; (b) authorizing Southern)
California Water Company to purchase said)
properties and to render water service in)
the territory now served thereby; and (c))
authorizing Southern California Water)
Company to assume certain liabilities of)
Park Lane Water Company.)

Application No. 37167
Amended

Eagleton & Petterson, attorneys, by Gail H. Eagleton,
for applicant, Park Lane Water Company;
O'Melveny & Myers, attorneys, by Lauren M. Wright
and Frederick N. Edwards, for applicant, Southern
California Water Company;
Arlyne Lansdale, attorney, for Dyke Water Company,
interested party;
Cyril M. Saroyan, Theodore Stein, and Charles W. Mors,
for the Commission staff.

O P I N I O N

Park Lane Water Company and Southern California Water Company by the above-entitled application, filed July 25, 1955, as amended August 9, 1955, seek authority for Park Lane to sell, and Southern California Water Company to buy certain of Park Lane's public utility water system properties in accordance with the agreement for the purchase and sale of property dated June 15, 1955, attached to the original application as Exhibit "A", and the deed and bill of sale attached to the amended application as Exhibit "B".

Public hearings on this matter were held before Commissioner Justus F. Craemer and Examiner Stewart C. Warner on September 28, 29 and 30, 1955, and before Examiner Warner on October 18 and 19, 1955, at Santa Ana. The hearings were consolidated with hearings on

Applications Nos. 37042, 37097, and 37161 of Dyke Water Company; Case No. 5666 of Orange County and Orange County Water Works District No. 3 vs. Dyke Water Company; Applications Nos. 36592 and 37096 of Pacific Water Company; Application No. 37172 of Southern California Water Company; and Application No. 37491 of Lakewood Water & Power Company. The instant application was submitted on October 19, 1955.

General Information

Park Lane Water Company was granted a certificate of public convenience and necessity by Decision No. 47190, dated May 27, 1952, in Application No. 33238, to construct and operate a public utility water system in Tract No. 1552, Orange County. Water service is now being furnished in this tract to 47 consumers. Applicant was also granted a certificate of public convenience and necessity by Decision No. 50038, dated May 11, 1954, in Application No. 35063, to construct and operate a public utility water system in Tracts Nos. 1593 and 1773, Orange County. Water service is being furnished to 135 consumers in Tract No. 1773, and 221 consumers in Tract No. 1593. The water systems in the latter tracts are interconnected along the north side of Chapman Avenue from Dale Avenue. The water systems in these two tracts were installed in accordance with agreements dated June 1, 1954, with Little Mansions, Inc., and January Company, Inc., subdividers who advanced the cost of said installations. Copies of said agreements are attached to the amended application as Exhibit "C".

Although Decision No. 50038 contained a restriction that Park Lane should not extend its water system in the area bounded by Chapman, Dale, Orangewood and Stanton Avenues without further order of the Commission, the record shows that Park Lane is furnishing or is preparing to furnish water to the Alameda school on the south side of Chapman Avenue, 500 feet west of Stanton Avenue; to one

single family residence at 8781 Chapman Avenue, 600 feet east of Tract No. 1773; to a service station at the northeast corner of Stanton and Chapman Avenues; to a service station at the northeast corner of Chapman and Dale Avenues; to a church for construction purposes at the northwest corner of Chapman and Dale Avenues; to a service station at the southeast corner of Stanton and Chapman Avenues for which an application for water service had been received as of the date of the hearings but for which no delivery of water service had commenced; and to two residences between Brookhurst and Euclid Avenues at 10132 and 10152 Chapman Avenue from Tract No. 1552. All of the latter services are outside Park Lane's certificated areas and were emergency or accommodation services. At the time the connections or arrangements therefor were made, no water service was immediately available to the consumers applying for water service from any other source. Those consumers being served outside the certificated area are not being charged for water service. Park Lane is now furnishing water service to a total of 403 consumers.

Southern California Water Company has, for many years, been furnishing water service in its Stanton district. A total of 366 consumers were being served as of August 31, 1955. It has recently extended an 8-inch main south of Katella Avenue on the west side of Stanton Avenue, about 1,300 feet, to Tracts Nos. 2434 and 2544, the Berlin or Clover Park Tract, in which 499 homes have been or are being constructed. Southern California proposes to acquire two wells in the Berlin Tract, and to interconnect the Stanton-Berlin Tract, and Park Lane water systems, except that Tract No. 1552 will not be interconnected. When such interconnection has been effected, a total of 1,305 consumers will be served from the various sources of water supply in each of the systems. Application No. 37172 contains Southern California's request for a certificate of

public convenience and necessity to extend its Stanton District to the Berlin Tract and to interconnect said district and said tract with Park Lane's Tract No. 1593 proposed herein to be acquired by Southern California.

Exhibit No. 21 is a map showing the location of Park Lane's water systems in Tracts Nos. 1552, 1773, and 1593 and Southern California's Stanton District together with present and proposed interconnecting pipelines.

Exhibit No. 22 is a copy of Ordinance No. 76 of the Orange County Board of Supervisors, dated October 3, 1955, granting Southern California Water Company a franchise to construct pipelines in county streets in the area covered by this application and by Application No. 37172.

Terms of Proposed Transfer

As shown in the agreement, Exhibit "A", dated June 16, 1955, heretofore referred to, the basic price to be paid for the properties is \$47,432.74. This amount represents the depreciated historical cost of Park Lane's water systems as of April 30, 1955. Total fixed capital on Park Lane's books as of that date, as shown on Exhibit "C" of the original application, was \$105,062.20, with a related depreciation reserve of \$4,091.79. Consumers' advances for construction by Little Mansions, Inc., were \$28,515.62, and by the January Company, Inc., \$10,793.92 for total consumers' advances of \$39,309.54. Contributions in Aid of Construction were \$13,809.24. The basic price is to be increased or decreased by the cost of all property added to the system after April 30, 1955, plus the cost of work in progress subsequent to that date and prior to the date of transfer, excluding any costs of unexpended advances for construction under any agreement in aid of construction assumed by Southern California, less the depreciated cost of all operating property

retired subsequent to said date. Southern California Water Company agrees to assume all liabilities of Park Lane including the two subdividers' agreements heretofore referred to.

The record contains considerable testimony and evidence regarding the date of the agreements, Exhibit "C", of the amended application. It appears that the agreements were made and entered into on June 1, 1954, but were not signed and executed until approximately August 8, 1955. The certificate granted by Decision No. 50038 and the evidence and record in that proceeding (Item I in the instant proceeding) were predicated on the fact that the agreements were dated June 1, 1954. The agreements provide for the refund of the subdividers' advances in the amount of 35 per cent of the annual gross revenues arising from the sale of water within subdivisions covered by the agreements, over a 10-year period.

The action taken herein shall not be construed as a finding of value of the properties herein authorized to be transferred.

Conclusion

The sale and transfer of properties appear to be in the public interest and the application will be granted.

Southern California Water Company will be authorized and directed to refile, as a part of its presently filed consolidated tariff schedules, the rates now on file for Park Lane Water Company, and to apply in Tracts Nos. 1552, 1773 and 1593 the former's presently filed utility-wide rules and rate schedules applicable to construction and other temporary flat rate service, fire sprinkler service, and service to company employees. Any increase in charges which may result from the application of the rules and the above-mentioned rate schedules of Southern California Water Company in the areas herein-after authorized to be transferred and served by it are hereby found to be justified. Otherwise, no changes in rates for water service will be authorized in connection with the transfer of properties.

The certificate of public convenience and necessity authorized to be transferred herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity 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.

O R D E R

Amended application as above-entitled having been filed, public hearings having been held, the matter having been submitted and now being ready for decision based upon the record and findings,

IT IS HEREBY ORDERED as follows:

1. That Park Lane Water Company, a corporation, be and it is authorized to sell and transfer, and Southern California Water Company, a corporation, be and it is authorized to buy and acquire, on or after the effective date hereof and on or before September 30, 1956, the public utility water system properties of Park Lane Water Company substantially in accordance with the terms of the agreement attached to the original application as Exhibit "A" and to execute the bill and deed of sale in substantially the form of Exhibit "B" attached to the amended application.
- 2.a. That on the date of actual transfer the certificates of public convenience and necessity granted to Park Lane Water Company by Decisions Nos. 47190 and 50038 be and they are transferred to Southern California Water Company.
- b. That Southern California Water Company, on and after the date of actual transfer, be and it is authorized to continue to serve Park Lane's present consumers outside its certificated area as outlined in the preceding opinion on an emergency or accommodation basis on the same terms that they have been furnished water service by Park Lane Water Company, until further order of the Commission, under the rates and rules hereinafter authorized.
- 3.a. That Southern California Water Company, on and after the date of actual transfer, is authorized

and directed to charge in the territory transferred under the authorization herein granted the rates presently being charged by Park Lane Water Company and to apply in said territory its own rules, and its rate schedules applicable to construction and other flat rate service, fire sprinkler service and service to company employees, said rules and rate schedules now being on file with the Commission throughout its entire system.

- b. That Southern California Water Company, if it acquires the hereinabove described properties, shall, within thirty days thereafter, file the rates authorized herein and shall revise its presently effective tariff schedules to provide for the application of its rules and said rates in the service area being acquired herein, together with a revised tariff service area map, all in accordance with the procedure prescribed by General Order No. 96. Such rates and revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
4. That on or before the date of actual transfer Park Lane Water Company shall refund all those contributions in aid construction accepted contrary to its filed tariff schedules and all deposits which customers are entitled to have refunded. Any of said unrefunded contributions and deposits shall be transferred to and become the obligation for refund of Southern California Water Company.
- 5.a. That if it acquires the hereinabove described properties, Southern California Water Company shall refund advances for construction by Little Mansions, Inc., and January Company, Inc., in accordance with the agreements dated June 1, 1954, attached to the amended application as Exhibit "C".
- b. Except as herein otherwise specifically provided above, Park Lane Water Company shall, within thirty days after the date of actual transfer, file with this Commission a verified statement showing all obligations to make refunds of consumers' advances for construction, the amounts thereof, and the names of persons or corporations in whose favor such obligations exist.
6. That if the authority herein granted is exercised, Park Lane Water Company and Southern California Water Company shall each within thirty days thereafter notify this Commission in writing of the date of such completion of the property transfer herein authorized and of their compliance with the conditions hereof.
7. Upon due compliance with all of the conditions of this order, Park Lane Water Company, a corporation, shall stand relieved of all further public utility obligations and liabilities in connection

with the operation of the water system herein authorized to be transferred.

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

Dated at San Francisco, California, this 27th day of March, 1956.

John E. Mitchell
President

Justus J. Caswell

Ray L. Intereiner

William J. [unclear]

[unclear]
Commissioners