

**ORIGINAL**Decision No. 62361

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 L F C WATER COMPANY, a California  
 corporation, for an order authorizing  
 the sale and transfer of L F C WATER  
 COMPANY to COUNTY WATERWORKS DISTRICT  
 NO. 29 OF THE COUNTY OF LOS ANGELES.

Application No. 43401  
 (Filed May 11, 1961)

OPINION AND ORDER

In this application the L F C Water Company, <sup>1/</sup> a corporation, seeks authorization under Section 851 of the Public Utilities Code to transfer and convey to County Waterworks District No. 29 of the County of Los Angeles <sup>2/</sup> all of the Company's usable operating properties, and to comply with the terms and conditions of an agreement attached to the application as Exhibit B.

Company provides domestic water service to thirteen customers in the unincorporated area known as Las Flores Mesa, and vicinity, located in Las Flores Canyon near U. S. Highway 101 and approximately nine miles north of the City of Santa Monica, in Los Angeles County.

The Commission records show that the water system was established as a public utility pursuant to a certificate of public convenience and necessity granted to Company by Decision No. 57644, dated November 25, 1958, in Application No. 40168 and Case No. 5996, as amended (after rehearing) by Decision No. 58963 dated September 1,

---

1/ Sometimes herein called "Company".

2/ Sometimes herein called "District".

1959, although construction work on the water system was begun in 1950 by the original developers of a certain real estate subdivision.

The application states that District has offered to acquire Company's usable operating properties and to assume responsibility for providing water service to Company's existing customers and to all future water users in Company's service area, which is now within the boundaries of the Metropolitan Water District of Southern California. Until a permanent and adequate supply of water from the Metropolitan Water District is available, District has contracted with the City of Los Angeles, Department of Water and Power, for a temporary supply of water, fully adequate and superior to Company's sources of supply. Such temporary supply was to be made available about the middle of April 1961.

The terms and conditions of the proposed transfer are set forth in an agreement among District, Company and other parties, dated April 24, 1961, a copy of which is attached to the application as Exhibit B. This agreement provides for the ultimate transfer to District of Company's existing distribution system, service connections, water meters, storage reservoirs, and appurtenant facilities, but excluding the wells, pumping units and related equipment; in the meantime Company has agreed to lease to District such properties as are usable by District for the sum of \$1.00 for the period beginning with the arrival of District's temporary water supply and ending on the date of transfer. No monetary consideration is to be paid by District for the properties to be transferred.

Exhibit C attached to the application is a copy of a resolution unanimously adopted by the Company's stockholders at a meeting on April 14, 1961, authorizing execution of the said agreement and the filing of this application.

Company states that there is no mortgage, lien, or encumbrance against any of its operating properties; that it has never paid dividends and is now operating, and since its inception has operated, at a loss; that to continue in business as a public utility would require very substantial increases in rates; and that the best interests of present and future water users in its service area will be best served by District.

Company's balance sheet as of December 31, 1960, attached to the application as page 1 of Exhibit A, shows utility plant in the amount of \$47,380.00 and reserve for depreciation in the amount of \$11,304.40, indicating net utility plant of \$36,075.60. Company's annual report to the Commission for the year ended December 31, 1960, shows total utility plant at the same amount of \$47,380 (of which wells and pumping equipment represent \$32,020) but the depreciation reserve is shown as \$11,146.80, which would indicate net utility plant of \$36,233.20. The difference between the two showings is not substantial.

Page 2 of Exhibit A attached to the application and Company's annual report to the Commission both show total operating revenues of \$2,417.91 for the year ended December 31, 1960, with corresponding operating expenses, depreciation and taxes totaling \$5,279.74, indicating a net loss of \$2,861.83 for that year.

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

The Commission having considered the above-entitled application and being of the opinion, and hereby finding, that the proposed transfer will be in the public interest, that a public hearing is not necessary, and that the application should be granted,

IT IS HEREBY ORDERED that:

1. L F C Water Company, a corporation, on or after the effective date hereof and on or before December 31, 1961, may transfer and convey to County Waterworks District No. 29 of the County of Los Angeles all of the said Company's utility operating properties which are usable by said District, as described in, and in accordance with, the terms and conditions set forth in the agreement, dated April 24, 1961, a copy of which is attached to the application herein as Exhibit B.
2. On or before the date of actual transfer, L F C Water Company shall refund all customers' deposits and all advances for construction which are subject to refund, if any, and within twenty days thereafter shall notify this Commission in writing of the date of the completion of such refunding.
3. If the authority herein granted is exercised, then within thirty days thereafter, L F C Water Company shall notify this Commission in writing of the date of the completion of the property transfer herein authorized and of its compliance with the conditions hereof.
4. Upon due compliance with all of the conditions of this order, L F C Water Company shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system described above.

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

Dated at San Francisco, California, this  
1st day of August, 1961.

[Signature]  
President  
[Signature]  
[Signature]  
-4-  
George J. Grover  
Fredrick B. Webb  
Commissioners