

ORIGINALDecision No. 64010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC WATER CO. and SOUTHWEST WATER)
 COMPANY, corporations, for order or)
 orders (a) authorizing the sale of the)
 "Independence Square Water System")
 of Pacific Water Co. to Southwest)
 Water Company; (b) authorizing South-)
 west Water Company to render water)
 service in the "Independence Square)
 Water System" and authorizing Pacific)
 Water Co. to discontinue rendering)
 water service in said system; and)
 (c) authorizing Southwest Water)
 Company to assume certain liabilities)
 of Pacific Water Co. in connection)
 with the operation of said water)
 system.)

Application No. 44492
 (Filed May 28, 1962)

O P I N I O N

Applicants request authority to sell and purchase, pursuant to an agreement dated May 4, 1962 (Application, Exhibit "A"), Pacific Water Co.'s Independence Square Water System, originally certificated to a predecessor, Mountain Properties, Inc., in 1940 (Decision No. 33068, Application No. 23239). The system is located within the Cities of Norwalk and Santa Fe Springs, Los Angeles County. It serves approximately 208 consumers and is not connected with any other water system of Pacific or any other water system, but applicants allege that it can be connected with the La Mirada district system of Southwest Water Company, the purchaser.

The agreed purchase price is \$54,919.63 for utility plant (including real property) in service as of December 31, 1961, plus the installed cost of any capital additions and improvements, as set forth in the purchase agreement. The agreement also describes the property to be sold.

Southwest, pursuant to the agreement, has undertaken to assume Pacific's liabilities, amounting to \$18,288.47 as of December 31, 1961, under outstanding main extension contracts related to the Independence Square system. Southwest has also agreed to assume Pacific's obligations under a contract, dated June 14, 1957, between Pacific and Southeast Escrow Company, under which Pacific services certain fire-fighting equipment on the basis of cost plus 20 percent; the equipment is located on real property of Pacific and the contract has been assigned to the City of Santa Fe Springs by the escrow company, as of January 1, 1962. Southwest has also undertaken to complete a program for replacement of old distribution mains in the Independence Square system which are located in rear lot easements. Pacific was directed to replace these mains by Decision No. 56469, dated April 8, 1958, in Application No. 38695. Pacific has agreed to repay to customers the amounts of any refundable guarantee deposits upon completion of the sale.

We find, upon consideration of the application, that the proposed transfer is not adverse to the public interest and that it should be authorized in accordance with the order which follows. The action taken herein, however, shall not be construed to be a finding of the value of the assets herein authorized to be transferred.

The authority herein granted should be made effective in five days, since Pacific has made arrangements to dispose of its water utility properties, subject to appropriate authorization, by July 31, 1962.

A public hearing is not necessary.

O R D E R

An application therefor having been filed by Pacific Water Co. and Southwest Water Company and having been considered, and the Commission now being informed in the premises,

IT IS ORDERED that:

1. Pacific Water Co., after the effective date of this order and on or before December 31, 1962, may sell and transfer and Southwest Water Company may purchase, take and thereafter operate the certificate of public convenience and necessity and public utility assets comprising the operative properties of Independence Square Water System, as described in the application herein, subject to the terms and conditions of the contract of purchase, dated May 4, 1962, Exhibit "A" attached to the application, and subject to the following provisions of this order.
2. Pacific Water Co., within thirty days after the date of actual transfer of said properties, shall file with the Commission two fully conformed copies of the instrument or instruments of transfer, as executed, together with a statement of the date upon which such transfer is considered to be effective.
3. Pacific Water Co., on or before the actual date of transfer, shall refund all customers' deposits for the establishment of credit which are subject to refund.
4. Pacific Water Co. and Southwest Water Company, in accordance with applicable provisions of General Order No. 96-A and on not less than five days' notice to the Commission and the public, shall, concurrently with consummation of the transfer herein authorized, make effective tariff filings that will reflect the withdrawal of service by Pacific and the inauguration of service

by Southwest in connection with the Independence Square Water System, at rates, and under rules, of Pacific presently in effect on said system.

5. If the authority granted in paragraph 1 of this order is exercised, Southwest Water Company shall assume the obligations and liabilities of Pacific Water Co. with respect to: (a) agreements for advances for construction of main extensions and refunds of such advances, in connection with the Independence Square Water System, as such agreements and obligations for refunds may exist on the date of actual transfer of said system; (b) replacement of mains as ordered by Ordering Paragraph No. 3 of Decision No. 56469 in Application No. 38695; (c) the contract, dated June 14, 1957 with Southeast Escrow Company, assigned to the City of Santa Fe Springs on or about January 1, 1962.

6. Pacific Water Co. and Southwest Water Company shall jointly file with this Commission, within thirty days after the date of actual transfer, a list of all outstanding main extension agreements relating to the water system to be transferred. This list shall show, for each such agreement, the name and address of the persons or corporations in whose favor refund obligations exist, the date and effective period of the agreement, the original amount advanced and the remaining amount subject to refund.

7. Southwest Water Company shall record the acquisition of the properties herein authorized to be transferred, in accordance with the procedures set forth in the Uniform System of Accounts for Class A and Class B water companies, as prescribed by this Commission, and thereafter shall maintain its records in such form as to show separately from its other properties the investment in properties, depreciation reserve, revenues and expenses pertaining

to the water system herein authorized to be acquired. Southwest Water Company is hereby placed on notice that, if circumstances should require, the Commission may take action to prevent any deficiency in revenue from this water system from becoming a burden to other ratepayers of Southwest Water Company.

8. Pacific Water Co., on compliance with the above conditions of this order, shall stand relieved of its public utility obligations in the area served by the transferred property and may discontinue service concurrently with the commencement of service by Southwest Water Company.

9. The acceptance by Southwest Water Company of the properties herein authorized to be transferred shall constitute consent by Southwest Water Company to all provisions of the order herein which have application to said company.

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

Dated at San Francisco, California, this 24~~th~~ day of JULY, 1962.

George G. Grover
President
[Signature]
[Signature]
[Signature]

Commissioners

Commissioner Frederick B. Holboff, being necessarily absent, did not participate in the disposition of this proceeding.