

ORIGINAL

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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
SOUTHERN CALIFORNIA WATER COMPANY }
and CITY OF ORANGE for an order }
authorizing the sale of certain }
properties of Southern California }
Water Company. }

Application No. 44651

(Filed July 20, 1962)

O'Melveny & Myers, by Donn B. Miller, for
Southern California Water Company; and
Cecil C. Wright, George N. Weimer and
Carl E. Sturdevant, for the City of
Orange, applicants.

Waymer B. Petty, in propria persona, protestant.
Mrs. H. L. Smith and Kelvyn Smith, in propria
personae, interested parties.

Donald B. Steger, for the Commission staff.

O P I N I O NHearing

Public hearing on the above-entitled application was held before Examiner Stewart C. Warner at Orange on August 10, 1962, which date the matter was submitted and is now ready for decision.

Application

Applicant Southern California Water Company^{1/} seeks authority pursuant to Section 851 of the Public Utilities Code to sell its water system properties in its Olive District (which said system lies partly within and partly without the City of Orange, Orange County) to said city. Exhibit II attached to the application is a copy of the agreement of sale, dated

^{1/} Hereinafter sometimes referred to as Southern California.

May 21, 1962, entered into between Southern California and the City of Orange.^{2/}

Terms

The agreement provides, among other things, that the purchase price is \$207,100.42, subject to adjustment for additions and retirements to the date of closing of escrow; that Southern California will repay all deposits; that Southern California will continue its obligations under the seven main extension contracts outstanding, an original amount of approximately \$26,000 as set forth in page 1 of Exhibit B of Exhibit II; that City recognizes Southern California's public utility obligations and its dedication to serve all present and future customers within Southern California's Olive District boundaries, and that City will continue such service.

Rates

By Resolution No. 1928, dated July 24, 1962, which is Exhibit No. 2 herein, City established that the water rates outside the city limits would continue to be those of Southern California; that the water rates inside the city limits would be those within the city, which said rates are set forth in Exhibit No. 1; that if it became necessary for City to raise the rates of water users within the city limits, the rates of water users outside the city limits would be raised proportionately; and that the rates established by the resolution would be maintained so long as the area being serviced by the property being purchased was outside the city limits, but that when said property or any portion thereof might be annexed to the city, then City's rates would be imposed.

^{2/} Hereinafter sometimes referred to as City.

The record shows that City's rates for water service are lower than Southern California's.

Present Operations

Southern California furnishes water service to approximately 450 consumers in its Olive District, all of whom are metered and about one-half of whom are within the city limits of Orange and the other half in unincorporated territory of Orange County. Exhibit No. 3 is a map, dated October 1961, of Southern California's Olive District. Exhibit No. 4 is a map, dated July 1962, showing in yellow the boundaries of the City of Orange; in green, the boundaries of areas under annexation proceedings by City; in white, unincorporated territory of Orange County surrounding the city; in blue, the limits of the City of Villa Park; in orange, adjacent boundaries of the Cities of Anaheim, Santa Ana, and Tustin; and in purple, the adjacent boundary of the City of Garden Grove. The population of the City of Orange, as of April 1, 1962, was approximately 36,800.

The record shows that City's present water system parallels Southern California's in several places; that Southern California's water system in the Olive District is neither integrated with nor connected to any of Southern California's other water systems in Orange County; that Southern California's sources of water supply for its Olive District are local wells;

and that City has an agreement with Metropolitan Water District for the delivery to it in the near future by said District of 14 cubic feet of water per second from the latter's East Orange County Feeder No. 2; has a 16-inch connection to the latter's West Orange County Feeder; and will soon have a connection to the Santiago Aqueduct for receipt of M.W.D. water.

Protest

The protestant consumer, who lives on Cumberland Road outside the city, was concerned about a possible increase in water rates inasmuch as City's ordinances, prior to its adoption of Resolution No. 1928, provided that the rates for water service outside the city limits were double those inside. This consumer was also concerned about City's obligation to continue to serve Southern California's dedicated service area.

Findings

After a review of the record, the Commission finds that:

1. No increase in water rates either to consumers inside or outside the City of Orange will result from the granting of the application.
2. All present and prospective consumers within Southern California's dedicated service area in its Olive District will receive and will continue to receive water service from the City of Orange by the granting of the application.
3. Southern California will refund all deposits, and will continue its obligations to make refunds under agreements for water main extensions executed by it prior to the sale and transfer to City.

4. The proposed transfer would not be adverse to the public interest and the application should be granted.

O R D E R

Public hearing having been held and based upon the evidence therein adduced,

IT IS ORDERED that:

1. On or before February 1, 1963, Southern California Water Company may sell and transfer its water system properties in its Olive District to the City of Orange, pursuant to the terms of the agreement set forth in Exhibit II attached to the application.

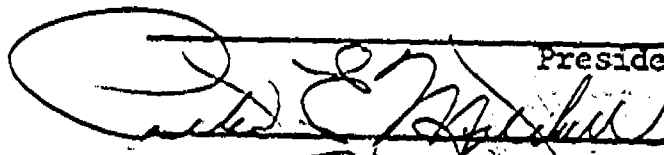
2. Southern California Water Company is authorized and directed to file, after the effective date of this order and within thirty days after the date of completion of the property transfer authorized herein, revised tariff sheets, including tariff service area map, acceptable to this Commission and in accordance with the requirements of General Order No. 96-A, to discontinue the application of its present tariff schedules to the area served by the transferred properties. Such revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as herein provided.

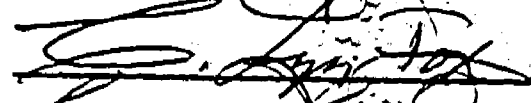
3. Within ten days after the actual date of transfer, Southern California Water Company shall notify this Commission in writing of the date of transfer and the date upon which the City of Orange shall have assumed operation of the water system herein authorized to be transferred and shall attach to such notice a copy of the instrument or instruments of transfer.

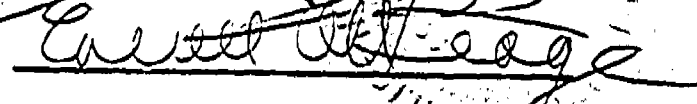
4. Upon compliance with the above conditions of this order Southern California Water Company shall stand relieved of its public utility obligations, other than refunds of customers' deposits for service and of advances for construction as set forth in the agreement, in the area served by the transferred properties and may discontinue service concurrently with the commencement of service by the City of Orange.

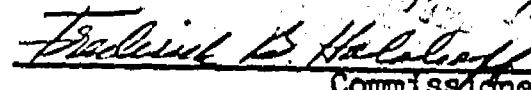
The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 25th
day of SEPTEMBER, 1962.



President






Commissioners