

**ORIGINAL**Decision No. 64329

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CALIFORNIA WATER & TELEPHONE COMPANY )  
 for a certificate of convenience and )  
 necessity and for authorization to )  
 carry out the terms of a certain )  
 contract. }

Application No. 44276  
 (Filed March 16, 1962)

O P I N I O N

Applicant is authorized to operate a public utility water system in its San Gabriel Valley Division, which generally includes the City of San Marino and adjacent areas. Applicant seeks authorization to extend its water utility service to adjacent areas presently served by El Campo Mutual Water Company (Mutual) and for authorization to carry out the terms of an agreement with Mutual.

Mutual serves a partially developed area of approximately 60 acres and 48 customers in Los Angeles County. The City of Pasadena Water Department and the Sunny Slope Mutual Water Company serve in the vicinity of Mutual, but neither objects to applicant's acquiring Mutual's facilities and serving within Mutual's area.

Under terms of the agreement, Mutual will donate to applicant the physical plant and water rights of Mutual, estimated by applicant to have an historical cost of \$5,587. Applicant will serve Mutual's customers and replace, relocate and enlarge Mutual's obsolete and inadequate riveted steel mains and install new services at a total estimated cost of \$33,000. Upon the completion of these improvements, the customers at their own expense will reconnect their house plumbing to the applicant's meters.

The cost of improving Mutual's system will be offset, in part, by a \$14,000 payment by Mutual as part consideration for improving the system. This payment of approximately 40 percent of the \$33,000 cost of necessary improvements is essentially the same as would result from the eventual discounting of refunds, relative to a \$33,000 advance, as permitted by Section A.12 of applicant's filed main extension rule. Applicant indicates its proposal for book purposes to record the payment by Mutual as a contribution in aid of construction.

Applicant proposes to render service in the Mutual area at rates presently in effect in applicant's upper rate zone of its San Gabriel Valley Division.

Applicant alleges in an affidavit supporting its application, received as Exhibit 2, that Mutual is a mutual water company which at all times has sold, distributed, delivered and supplied water only to owners of its capital stock and to no other persons, and that the agreement was adopted by the stockholders of Mutual after notice. One stockholder, representing 30 of the 3,700 outstanding Mutual shares, voted against the agreement and 12 stockholders, representing 819 shares, were not represented. Since the shareholders' meeting none of the owners of said 819 shares have expressed dissatisfaction with the outcome thereof to any officer or director of Mutual.

A field investigation was made by the staff and the information contained in the application was verified and found to be substantially correct. The report of this investigation is made a part of the record as Exhibit 3. It verifies that the present water supply of applicant is adequate to supply the needs of its existing customers as well as those customers to be acquired from Mutual.

The Commission finds as follows:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. Applicant possesses the financial resources to construct and operate the proposed water system.
3. The rates presently charged by applicant in its upper rate zone of its San Gabriel Valley Division are fair and reasonable for the service to be rendered within the areas for which the certificate of public convenience and necessity will be issued.
4. Applicant's water supply will provide reasonable service for the proposed certificated areas.
5. Mutual is a mutual water company which has not dedicated or devoted its property to public use or service.
6. The transfer of the customers and system of Mutual to applicant is not adverse to the public interest.
7. A public hearing is not necessary.

The certificate hereinafter granted shall be 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.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

O R D E R

Application having been filed and the Commission having considered all the allegations thereof,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to applicant, authorizing it to extend, construct and operate its public utility water system for the distribution and sale of water within the areas delineated on Exhibit "B" of the contract attached to the application as Exhibit 2.
2. Applicant is authorized and directed to revise, within thirty days after the effective date of this order and in conformity with General Order No. 96-A, such of its tariff sheets, including a tariff service area map acceptable to this Commission, as are necessary to provide for the application of its tariff schedules to the areas certificated herein. Such tariff sheets shall become effective upon five days' notice to the public and this Commission after filing as hereinabove provided.
3. Applicant shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.
4. Applicant shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, four copies of a comprehensive map, drawn to an indicated scale of not more than 400 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant within the area certificated herein.

5. Applicant is authorized to carry out the terms and conditions of the written contract with Mutual, attached to the application as Exhibit 2 and dated January 30, 1962.

6. Applicant, in recording its acquisition of the Mutual's properties, shall charge to its plant accounts an amount not in excess of the reasonable costs of acquisition. The payment of \$14,000 by Mutual shall be recorded as a contribution in aid of construction. In addition, applicant shall, within thirty days after the effective date of this order, file with this Commission the journal entries it proposes to use for the purpose of recording said acquisition, together with a statement showing the items to be capitalized as costs of acquisition.

7. Applicant shall file with the Commission within thirty days after the effective date of this order two certified copies of the contract as executed together with a statement of the date on which the contract is deemed to have become effective.

8. Applicant shall file with this Commission, within thirty days after the date the agreement has become effective, and in conformity with General Order No. 96-A, the summary required by that general order, listing all contracts and deviations, including the agreement herein authorized.

9. The authorizations herein granted will expire if not exercised within one year after the date of this order.

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

Dated at San Francisco, California, this 2nd day of OCTOBER, 1962.

[Signature] President  
[Signature]  
[Signature]  
[Signature]

Commissioners

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.