

# ORIGINAL

Decision No. 65618

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San )  
 Gabriel Valley Water Company for a )  
 certificate of public convenience and )  
 necessity to furnish water service in )  
 territory in the City of Baldwin Park, )  
 to purchase a certain water system from )  
 Burl L. Watson, doing business as )  
 Burl Watson Domestic Water Company )

Application No. 45337  
(Filed April 15, 1963)

and

Burl L. Watson, doing business as Burl )  
 Watson Domestic Water Company to sell )  
 said system and abandon service. )

## OPINION AND ORDER

San Gabriel Valley Water Company<sup>1/</sup> seeks a certificate of public convenience and necessity to extend its water system and to operate the water system which it seeks authority to purchase from Burl L. Watson, doing business as Burl Watson Domestic Water Company<sup>2/</sup> in the City of Baldwin Park, Los Angeles County, and Burl L. Watson, doing business as Burl Watson Domestic Water Company seeks authority to sell and transfer such water system to San Gabriel Valley Water Company. The terms of the agreement of purchase and sale are set forth in a letter from San Gabriel to Watson dated March 28, 1963, and were accepted by the latter on March 29, 1963.

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<sup>1/</sup> Hereinafter referred to as San Gabriel.

<sup>2/</sup> Hereinafter referred to as Watson.

San Gabriel furnishes public utility water service to over 23,000 consumers in its El Monte Division which is adjacent to Watson's territory on the east, south and west thereof, as shown on the map attached as Exhibit F to the application.<sup>3/</sup>

Burl Watson Domestic Water Company<sup>4/</sup> is presently operated by Burl L. Watson as sole proprietor. A decree of distribution in the Estate of Elsie Watson, deceased, Los Angeles Superior Court No. P-433935, distributing the water system to Burl L. Watson was filed May 19, 1961. Authorization from this Commission for this transfer has not been requested, but such authorization is required.

Watson is furnishing public utility water service to 610 consumers in the area comprising approximately 220 acres, located about one-half mile east of San Gabriel River on both sides of the San Bernardino Freeway in Baldwin Park.<sup>5/</sup>

Watson's Balance Sheet as of December 31, 1962, Exhibit D-1 attached to the application shows Utility Plant in Service of \$90,124; Reserve for Depreciation of \$37,424; Net Utility Plant of \$52,700; Current Assets \$2,066; and Total Assets of \$54,766.

The property proposed to be sold includes all the water system properties, but does not include cash on hand and in banks, notes and accounts receivable, or certain office furniture and equipment which are not Watson's water system assets. The agreed purchase price is \$55,000.

San Gabriel has agreed to assume all refunds on customers' advances for construction which shall become due by reason of

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<sup>3/</sup> San Gabriel's certificated areas are delineated and application and decision numbers relating thereto are shown.

<sup>4/</sup> Certificate originally granted to Burl Watson, doing business as Burl Watson Domestic Water Company, by Decision No. 33460, dated December 10, 1945, in Application No. 26632 and transferred to Elsie Watson, his widow, by Decision No. 57764, dated December 30, 1958, in Application No. 40507.

<sup>5/</sup> Watson's areas are delineated in "red" on Exhibit F.

revenues accruing from and after the date of possession by San Gabriel; refunds becoming due by reason of revenues prior to the date of possession, will be charged to Watson as an adjustment of the agreed price.

San Gabriel proposes to continue in effect Watson's presently effective rates for general metered service. Watson's Schedule No. 5, Public Fire Hydrant Service and Schedule No. 9FC, Construction and Tank Truck Flat Rate Service, are substantially the same as San Gabriel's Schedules Nos. AA-5 and AA-9C, covering the same classes of service and San Gabriel proposes to apply its said schedules in the area. San Gabriel also proposes to apply in the area its filed schedules for Private Fire Protection Service (Schedule No. AA-4) and Private Fire Hydrant Service (Schedule No. AA-4H) for neither of which has Watson any filed tariffs, and San Gabriel proposes to apply its filed tariff rules to the proposed area.

Applicants assert that the most important reason for the proposed transfer is that the Watson system is not large enough to be operated with economic success as an independent unit and, as Watson's service area is surrounded by other water service agencies, including San Gabriel, Watson's growth potential is exceedingly limited, whereas San Gabriel can economically integrate the operation of Watson's system into its operations.

#### Findings

The Commission finds that the transfer of the water system described in the hereinabove-mentioned decree of distribution in the Estate of Elsie Watson, deceased, to Burl L. Watson

is not adverse to the public interest and should be authorized; that public convenience and necessity require that San Gabriel be granted a certificate of public convenience and necessity to extend its water system in its El Monte District into the area covered by the certificate of public convenience and necessity granted to Watson by Decision No. 38460. The Commission further finds that the transfer by Watson to San Gabriel would not be adverse to the public interest and should be authorized. A public hearing is not necessary.

Conclusions

From the foregoing findings of fact the Commission concludes that:

1. The application should be granted in the manner set forth in the ensuing order.
2. The certificate of public convenience and necessity granted by Decision No. 38460 should be revoked as provided in the ensuing order.

The certificate of public convenience and necessity hereinafter granted shall be subject to the following provision of law:

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 granting of the application shall not be construed to be a finding of the value of the properties herein authorized to be transferred and shall not necessarily be usable for rate-making purposes.

IT IS ORDERED that:

1. The transfer of the water system mentioned in the decree of distribution in the Estate of Elsie Watson, deceased, Los Angeles Superior Court No. P-433935, to Burl L. Watson is authorized.

2. On or before December 1, 1963, Burl L. Watson may sell and transfer and San Gabriel Valley Water Company may purchase and acquire the public utility water system referred to in Exhibit A attached to the application.

3. In the event the transfer herein authorized is consummated: (a) San Gabriel Valley Water Company shall, within thirty days thereafter, notify the Commission thereof and (b) a certificate of public convenience and necessity is granted to San Gabriel Valley Water Company to extend its water system and to operate a public utility water system in the area being served by Burl L. Watson, doing business as Burl Watson Domestic Water Company as delineated on the map, Exhibit F, attached to the application.

4. The certificate of public convenience and necessity granted in paragraph 2 of this order supersedes the certificate of public convenience and necessity granted by Decision No. 38460 which certificate is hereby revoked, said revocation to become effective concurrently with the effective date of the filings made pursuant to paragraph 4.

5. San Gabriel Valley Water Company is authorized to continue in effect in the area covered by the certificate granted herein Burl L. Watson's rates for general metered service, Schedule No. 1, shown in Exhibit B attached to the application, and to apply, and make effective in such area, San Gabriel Valley Water Company's rates for Public Fire Hydrant Service, Schedule No. AA-5; its rates for Construction and Tank Truck Flat Rate Service, Schedule No. AA-9C; its rates for Private Fire Protection Service, Schedule No. AA-4; its rates for Private Fire Hydrant Service, Schedule No. AA-4X; and its filed rules. Within thirty days after the date of actual

transfer, San Gabriel Valley Water Company shall revise its tariffs accordingly. When such revisions have been made pursuant to the provisions of General Order No. 96-A in a manner acceptable to this Commission, and upon five days' notice to the Commission and to the public, such tariffs will become effective.

6. a. In the event the transfer herein authorized is consummated, Burl L. Watson shall refund all deposits to which customers are entitled, and shall transfer to San Gabriel Valley Water Company any unrefunded deposits which will then become the obligation of San Gabriel Valley Water Company.

b. Burl L. Watson shall deliver to San Gabriel Valley Water Company, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the Burl L. Watson properties.

7. Within fifteen days after the date of actual transfer, San Gabriel Valley Water Company and Burl L. Watson shall jointly file a certified copy of an appropriate instrument showing the names and addresses of all persons or corporations holding refundable customers' advances for construction agreements, and the amounts thereof.

8. Burl L. Watson shall, within thirty days after the consummation of the transfer herein authorized, report his compliance with the provisions of paragraph 6 and 7 herein. Upon such compliance Burl L. Watson, doing business as Burl Watson Domestic Water Company,

shall be relieved of all further public utility obligations in connection with his water system.

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

Dated at San Francisco, California, this 21<sup>st</sup> day of JUNE, 1963.

George H. Hoover  
President  
William W. Brundage

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

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Commissioners

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