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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Rosa Water Company, a corporation, for a Certificate of Public Convenience and Necessity authorizing applicant to furnish water service to additional areas near Santa Susana, California, to purchase a certain water system from Royal Water Company, a corporation,

Application No. 45759
(Filed September 12, 1963)

and

Royal Water Company, a corporation, to sell said system and abandon service.

O P I N I O N

Rosa Water Company (purchaser), a corporation, and Royal Water Company (seller), a corporation, seek authority for the transfer of a water system and certificate of public convenience and necessity, the application of purchaser's filed rates to seller's service area, and the relief of seller from its public utility obligations.

Royal Water Company

Seller provides water service to approximately 211 customers in its 68-acre service area, located near Santa Susana in Simi Valley, Ventura County. Decision No. 60960, dated October 25, 1960, in Application No. 41950, granted seller a certificate of public convenience and necessity and required that a supply be developed which would provide all consumers with water of a quality meeting the permanent water supply standards of the

State Department of Public Health. Despite several extensions of time for compliance with the water quality requirement, seller has been unable to develop an acceptable new source or effectively to treat the water from its original source.

Rosa Water Company

Purchaser provides water service to more than 1,800 customers in the central and eastern portions of Simi Valley. Part of this service area adjoins the area now served by seller. Decision No. 59030, dated September 22, 1959, in Application No. 40685, certificated purchaser to its original service area. Additional areas were added from time to time as a result of subsequent applications and decisions. Additional certificate applications are now pending.

Prior to purchaser's original certification, this Commission's Decision No. 58772, dated July 21, 1959, had denied Application No. 40685 because purchaser could not then provide a potable supply of water. This led to the development of purchaser's present primary source in Tapo Canyon. Water from that source, even when blended with local supplies of lower quality, should provide the customers in seller's area with water meeting the requirements of Decision No. 60960, supra, upon interconnection of the two systems. Metropolitan Water District water is expected to be available in this area from Calleguas Municipal Water District late this year.

Rates

Purchaser proposes to apply its own filed rates to the area now served by seller. This would constitute a rate reduction

of up to 33 percent for consumption of less than 12,000 cubic feet per month, a usage far in excess of normal residential requirements. For extremely large monthly consumption, an increase of about 16 percent in charges would be possible. Seller's and purchaser's quantity rates are as follows:

<u>Quantity</u>	<u>Rates</u>	
	<u>Seller</u>	<u>Purchaser</u>
First 500 cu.ft. or less	\$ 4.00	\$ 3.50
Next 500 cu.ft., per 100 cu.ft.25	.00
Next 1,000 cu.ft., per 100 cu.ft.25	.25
Next 3,000 cu.ft., per 100 cu.ft.20	.20
Over 5,000 cu.ft., per 100 cu.ft.15	.175

Purchaser's rate for public fire hydrant service is \$3.00 per month, regardless of hydrant size. Seller's comparable rates vary from \$1.50 per month for a small hydrant served by a small main, to a maximum of \$5.00 per month for a large double-outlet hydrant served from a large main.

Purchase Agreement

On or about August 20, 1963, seller and purchaser completed negotiations for the transfer proposed herein. The agreed purchase price is \$55,000, subject to adjustment for changes in plant. Purchaser is to assume the obligation to refund \$45,997 in advances for construction as such refunds become due, and to pay the \$3,450 due on January 14, 1964, for the purchase of a well.

Seller's May 31, 1963, balance sheet shows depreciated utility plant of \$95,014, and advances for construction of \$45,997. After adding the \$3,450 well cost incurred after that date, it appears that purchaser will have an acquisition adjustment of some \$2,533, representing the amount paid in excess of seller's book

cost. Purchaser has not yet presented for Commission review its proposed method of amortization of this amount.

Findings and Conclusion

The Commission finds that:

1. The proposed sale and transfer will not be adverse to the public interest.

2. Any increases in charges for water service resulting from the application of purchaser's present rates to seller's present service area will be justified upon transfer of the system from seller to purchaser.

The Commission concludes that the application should be granted. The action taken herein, however, does not constitute a finding of the value or original cost of the properties authorized to be transferred. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date hereof, Royal Water Company, seller, may transfer and sell and Rosa Water Company, purchaser, may acquire, the water system and certificate of public convenience and necessity referred to herein, in accordance with the terms of the unsigned letter agreement, Exhibit "D" attached to the application.

2. After the effective date of this order, and not less than five days before the date of actual transfer, purchaser shall file revised tariff sheets, including tariff service area maps clearly and accurately indicating the boundaries of the areas it is

authorized to serve, to provide for the application of its present tariff schedules to the areas certificated herein. Such filing shall comply with General Order No. 96-A, and the revised sheets shall become effective on the date of actual transfer.

3. On or before the date of actual transfer, seller shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances shall be transferred to purchaser, which shall be responsible for their refund when due.

4. On or before the date of actual transfer, seller shall deliver to purchaser, and purchaser shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized.

5. Within five days after the date of actual transfer, seller and purchaser jointly shall submit written notification to this Commission, showing:

- (a) The date of transfer. A true copy of the instrument or instruments of transfer shall be attached to the notification.
- (b) The dates of compliance with the requirements of the foregoing paragraphs 3 and 4.
- (c) An itemized list, showing the unrefunded amount of each deposit and each advance transferred from seller to purchaser, and the name and address of the party in whose favor each such obligation exists.

6. Upon compliance with all of the conditions of this order, seller shall stand relieved of its public utility obligations in

the area served by the transferred system and may discontinue service concurrently with the commencement of service by buyer.

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

Dated at San Francisco, California, this 1st day of October, 1963.

William W. Brund
President
John E. Mitchell
Lowell W. Page
George A. Grover
Frederick B. Haloboff
Commissioners