

ORIGINAL

Decision No. 66403

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
SOUTHERN CALIFORNIA WATER COMPANY
and CITY OF HUNTINGTON BEACH

Application No. 45872
(Filed October 15, 1963)

for an order authorizing the sale
of certain properties of Southern
California Water Company.

O P I N I O N

Southern California Water Company (applicant) seeks authority to sell its Huntington Beach District properties to the City of Huntington Beach (City) pursuant to the terms of the Agreement of Purchase and Sale, a copy of which is attached to the application as Exhibit II.

The price is \$1,225,000 subject to adjustment, if any, as provided in Section 2 of the agreement. City will assume and perform all obligations of applicant under outstanding main extension agreements listed in Exhibit C of the agreement. The book cost of the system to be sold, as shown on applicant's balance sheet, is \$1,180,041.44.

Properties to be sold by applicant to City lie entirely within the City limits, where applicant serves approximately 2,836 customers. They comprise applicant's Huntington Beach District which constitutes a single operating unit segregated from and physically and geographically unconnected with applicant's other water systems.

Applicant's water-distribution lines are partially paralleled by City's own water system, and applicant alleges that ownership, operation and development of its Huntington Beach District system as a part of City's system will eliminate further and increasing wasteful duplication of facilities which would result from continued separate ownerships of the two systems. Applicant further alleges that the sale to City of properties pursuant to the agreement will avoid the expense and delay which would result from proceedings by the City to condemn said properties.

According to the Agreement, Exhibit II, City has authorized the issuance of revenue bonds in an amount sufficient to acquire applicant's properties and facilities, and the parties desire to avoid the expense, delay and other difficulties which could result from condemnation proceedings.

A letter, dated October 18, 1963, from the City requests immediate action on the instant application.

Exhibit IV shows that applicant's Huntington Beach District rates for water service and those of City are fairly comparable; Southern California's minimum monthly charge is \$1.65 for usage of 500 cubic feet; City's minimum charge is \$2.25 for 1,000 cubic feet. Southern California's monthly charge for 1,500 cubic feet is \$4.25 and City's, \$3.25. City's rates are lower than applicant's for larger usages.

The Commission finds that:

1. Public hearing is not necessary.
2. The granting of the application would not be adverse to the public interest.
3. The public interest requires that the effective date of the ensuing order be its date.

The Commission concludes that the application should be granted.

Applicant is put on notice that, in future rate proceedings, the Commission will appropriately consider any income tax effects resulting from the authorization hereinafter granted. The action taken herein is not to be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Southern California Water Company is authorized to enter into the Agreement of Purchase and Sale attached to this application as Exhibit II, and to thereby sell its Huntington Beach District water-system properties to the City of Huntington Beach pursuant to the terms of said Agreement.

2. When applicant shall have disposed of its Huntington Beach District properties, and within ten days thereafter, applicant shall notify the Commission in writing thereof. Upon such notification,

Southern California Water Company shall be relieved of all its responsibilities as a public utility within its Huntington Beach District, other than refunds of customers' deposits for service as set forth in the agreement.

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

Dated at San Francisco, California, this 3rd day of DECEMBER, 1963.

William L. Bernard
President
[Signature]
[Signature]
Frederic B. Holdhoff

Commissioners

Commissioner George G. Grover
present but not voting.