

ORIGINAL

Decision No. 77285

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 to the City of Orange.

) Application No. 51771  
)  
) (Filed March 13, 1970)  
)

O'Melveny & Myers, by William J. Bogaard, for Southern California Water Company; Furman B. Roberts and John V. Fonley, for City of Orange, applicants.  
Frank Schweitzer, Ray Schweitzer, and Edgar Weichel, in propria personae, interested parties.  
L. M. Van Zandt, for the Commission staff.

O P I N I O N

By this application, Southern California Water Company (SoCal) seeks authority under Section 851 of the Public Utilities Code to sell and transfer its Walnut Acres system in and immediately adjacent to the City of Orange (City) to City, pursuant to the terms of the Agreement, dated March 9, 1970, attached to the application as Exhibit II. The consideration to be paid by City is stated to be \$33,025. Exhibit A delineates SoCal's Walnut Acres service area; the portion inside City is colored yellow.

The basis for applicants' request is their allegation that no other entity, except City, is in a position to render water service to the properties which SoCal proposes to sell and City to buy.

Following notice to all customers likely to be affected, public hearing was held before Examiner Warner on May 1, 1970, in Orange. Three customers appeared to seek information, and implied that they would oppose the application if no benefits to them or their neighbors outside the city limits of Orange would accrue.

SoCal's witness, a vice president, testified that in the year 1967 the developers of an industrial complex along Anaheim Street (which parallels the Santa Ana Freeway on the north side from northwest to southeast) requested fire flow capacity which the company was unable to supply through its 2-1/4-inch steel mains. The entire Walnut Acres system was acquired from Pacific Water Co. in 1962. Its sources of supply are two wells with total installed pumping plant capacity of 492 gpm. Pipelines are old 6-inch and 2-1/4-inch steel, which have required frequent patching and cannot withstand high operating pressures. There are no fire hydrants.

Exhibit VIII shows that, as of April 1, 1970, water service was being furnished to 23 commercial and 87 residential customers with two 2-inch, two 1-1/2-inch, one 1-inch, and 103 5/8 x 3/4-inch meters. Approximately 75 percent of the customers live outside the City of Orange.

Exhibit IX shows that SoCal holds \$120, of \$10 cash deposits each, from 12 customers.

Exhibit X shows four complaints of low pressure in the year 1969. During 1970, two water service outages occurred; the latter being in early April and lasting about two hours due to the failure of Southern California Edison power at the well pumps;

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during 1969, there were five outages; during 1968, two outages; and during 1967, one outage.

Exhibit IV attached to the application is a copy of City's Resolution No. 2900, dated February 20, 1968, resolving to condemn SoCal's Walnut Acres properties within the City. Since that date, negotiations for acquisition by City have taken place resulting in the agreement, Exhibit II, supra.

Exhibit XI is a statement signed by City's attorney of City's water system capacity and its plans to improve the Walnut Acres area system, both inside and outside the city limits, through the installation of larger mains, fire hydrants, and a connection with City's over-all supply. The immediate amounts to be expended by City would be approximately \$24,000, and City's witness testified that City would rehabilitate the system, eventually, and as necessary. Exhibit XII, a sketch map, shows City's proposed immediate improvements.

The record shows that the cost of 2,000 cubic feet of water per month through a 5/8 x 3/4-inch meter would change from SoCal's charge, pursuant to its presently filed tariffs, of \$5.84 per month to City's charge for customers inside the city limits to \$4.45 and to \$8.90 for customers in territory outside.

By Decision No. 64307, dated September 25, 1962, in Application No. 44651, SoCal was authorized to sell its Olive District water system (partly inside and partly outside the City of Orange) to City. City then resolved to continue to serve customers outside City at SoCal rates, and to serve customers inside City at City's rates. However, no such resolution has been filed herein.

We find that the proposed transfer of SoCal's Walnut Acres system to the City is in the public interest because it is clear that the present water system is in poor operating condition and it would be uneconomical to upgrade it to meet fire flow requirements, not only from a source, production and distribution of water standpoint, but also from the standpoint of economic growth. We find that City's present and future plans to serve the area, both inside and outside its limits, will measurably benefit existing customers by enhancing and stabilizing water supplies, by moderating operating pressure conditions, and by providing fire protection.

We conclude that the public interest and benefits justify the differentials in rates for water service to customers located inside and outside the city limits, and the application should be granted.

O R D E R

IT IS ORDERED that:

1. This application is granted, and Southern California Water Company is authorized to carry out the terms of the agreement, a copy of which is attached to the application as Exhibit II.
2. Applicant, Southern California Water Company, shall return all deposits prior to the transfer of its Walnut Acres properties to the City of Orange.
3. Within thirty days after consummation of the transfer authorized by ordering paragraph 1 hereof, Southern California

Water Company shall notify the Commission, in writing, of that fact, and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer, and appropriately revised tariff sheets reflecting the change in its service area authorized herein. Such filing shall comply with General Order No. 96-A.

4. Upon compliance with the conditions of this order, Southern California Water Company shall stand relieved of its public utility obligations as related to its Walnut Acres system 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 3rd day of JUNE, 1970.

William J. ...  
President

Burgala

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Vernon L. ...  
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.