

Decision No. 77401

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA WATER COMPANY
and CITY OF FOUNTAIN VALLEY for an
order authorizing the sale of certain
properties of Southern California
Water Company to the City of Fountain
Valley.

Application No. 51858

(Filed April 28, 1970)

O'Melveny & Myers, by William J. Bogaard, for Southern California Water Company; Thomas L. Woodruff and Wayne Osborne, for the City of Fountain Valley, applicants.
S. Robert Weissman, for the Commission's 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 the City of Fountain Valley, Orange County, (City) joins in the application to purchase SoCal's 87-customer Colonia Juarez System, which is entirely within the city limits as shown on the map, Exhibit A, attached to the copy of the Agreement, dated April 13, 1970, Exhibit II, attached to the application. The consideration is \$12,400; the book and original cost of the properties is \$12,372.85. Exhibit II shows a related depreciation reserve of \$6,855.73. There is a total of 103 water service connections to the 4-inch steel pipeline water system which is served from one well.

Public hearing was held before Examiner Warner on May 27, 1970, at Fountain Valley. All customers were notified in advance of the hearing and the Commission disseminated information relating to the impact, rate-wise, should the application be granted. No protests or appearances were entered, and the matter is now ready for decision.

Exhibit 1 is a comparison between SoCal's Orange County general metered service rates and City's rates as of May 5, 1970. The record shows that SoCal's rates are also subject to a 1.04 percent surcharge on account of the 5 percent Federal income tax surcharge, which is due to expire June 30, 1970. For customers using between 700 and 1,900 cubic feet per month, the granting of the application would mean a reduction in their monthly water rates. The average monthly consumption is 1,500 cubic feet per month. Homes are modest single-family residences with a minimum of lawns, shrubs and landscaping.

This water system of SoCal was acquired from Pacific Water Co. in 1962. It is a single-well system of uneconomic size and is subject to outages of service, one having occurred in 1967, four in 1968, three in 1969, and one in 1970, to date. SoCal holds 12 deposits for water service totalling \$140 which would be subject to refund upon transfer of the properties and would be credited to customers' final bills.

City's director of public works testified, and in his report, dated May 26, 1970, on the proposed acquisition, Exhibit III, shows that at the request of Colonia Juarez residents, City has installed 8-inch mains in the streets, together

A. 51858 - SW/ms /JR **

with fire hydrants, and has connected such mains to its over-all water system serving City's population, which totals about 31,000 in a 9-square mile area. City's water supply consists of a Metropolitan Water District connection, three wells, and a 5,000,000-gallon reservoir, and 12-inch water lines within all major arterial highways which are located at one-mile spacings. City is interconnected, for emergencies, with the water department of the City of Huntington Beach, to the south, and plans to interconnect to the water department of the City of Santa Ana within 30 days. Construction of an additional 5,000,000-gallon reservoir is planned by City within the next three years, as needed. City proposes to continue to serve SoCal's present customers through the existing 4-inch steel mains located in easements on property lines; will abandon the existing well, and will drill another and install new pumping equipment. Bids for a contract to drill such a well have been sought, but they will expire within 30 days if not submitted, accepted, and contracts signed within that period. If customers wish to be served from the 8-inch main, installed primarily for fire protection in the streets, normal charges for labor and copper or plastic service connections will be assessed, but there will be no meter charge since present meters will be relocated.

We find that:

1. The granting of the application will not be adverse to the public interest since most SoCal water customers in the Colonia Juarez System will receive better water service and fire protection at lower rates for average monthly water consumption from City.

A. 51858 - SW/ms *

2. Any increases in rates which may result from the transfer of the properties proposed in the application are just and reasonable and present rates, insofar as they differ from resultant rates, are unjust and unreasonable.

We conclude that the application should be granted and, because of the pending well contract negotiations, the order which follows should be made effective on its date.

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, to sell its Colonia Juarez water system to the City of Fountain Valley, Orange County.

2. Applicant, Southern California Water Company, shall return all deposits prior to the transfer of its properties authorized herein.

3. Within thirty days after consummation of this authorized transfer, 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.

A. 51858 - SW

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 Colonia Juarez System, and may discontinue service concurrently with the commencement of service by the City of Fountain Valley.

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

Dated at Los Angeles, California,
this 23rd day of JUNE, 1970.

William J. ...
President
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...
Commissioners