

Decision No. 78724

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SUBURBAN WATER SYSTEMS, a California)
corporation, for permission to enter)
into a Water Service Agreement with)
the City of West Covina.)

Application No. 52454
(Filed February 22, 1971)

Michael S. Moore, Attorney at Law, and Walker Hannon, for applicant.

George W. Wakefield, Attorney at Law, for City of West Covina, and Gibson, Dunn & Crutcher, by Raymond L. Curran, Attorney at Law, and Kerry Patterson, for Umark Inc., interested parties.

Elinore C. Morgan, Attorney at Law, and John J. Gibbons, for the Commission staff.

OPINION AND ORDER

The City of West Covina (City) and Suburban Water Systems (Suburban) seek Commission authority for Suburban to enter into a service contract to perform maintenance, billing, etc., for water service for a new development located inside the City.

The system is owned by the developers of the tract and leased to the City. The City has no plans to invest capital to purchase the system or to start a water department. Its stated policy is to preclude service by other publicly owned purveyors within its boundaries so long as it is possible for service to be the responsibility of a privately owned utility.

The parties expect that negotiations between the developer, Umark and Suburban will succeed, so as to permit Suburban to acquire the system on terms which will be acceptable to the parties and to this Commission.

City has knowingly permitted the subdivider to represent to prospective purchasers that City is responsible for water service.

Discussion

A prehearing conference was held April 12, 1971 before Examiner Gilman. The conference was held partly on the record in order to permit the positions of all the parties (including the staff which normally files no pleadings in an application) to state their views fully.

Aside from the staff all parties represented that the contract threatened no protected interest of any portion of the public, either that portion now served by Suburban or that portion which will be served within the tract. The staff, however, wished to insure that the service rendered under the contract would not constitute a de facto or ostensible dedication by Suburban to provide service to the tract. We are of the opinion that, based upon the uncontested representations made by the appearances, no such de facto or ostensible dedication will occur and that there is no public interest involved in the agreement.

Findings

1. The in-tract facilities in the tract in question are privately owned and dedicated to a public use, as of the date of first occupancy of a residence in the tract.
2. The City has represented to customers in the tract that it will provide water service until and unless such obligation is assumed by a privately owned or publicly owned water utility.
3. The performance of Suburban's obligations under the contract will not adversely affect its ability to perform its public utility obligations in its dedicated service area.

Conclusions

1. By entering into the contract attached as Exhibit A to the application Suburban will have assumed no public utility obligations to residents or owners in the tract in question.

2. City is obligated to provide water service, until and unless such obligation is assumed.

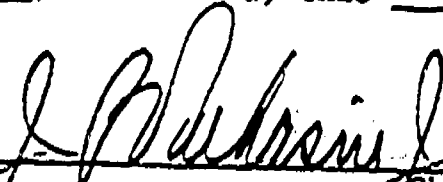
3. The question of whether Suburban should be permitted to assume such obligations is not an issue in this proceeding.

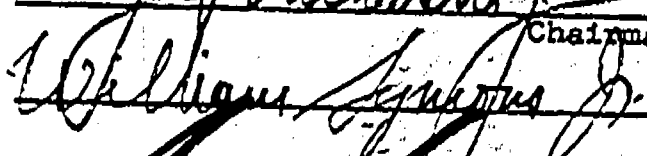
4. The contract is not adverse to the public interest.


IT IS HEREBY ORDERED that Suburban Water Systems is authorized to enter into the proposed water service agreement, Exhibit A to the application herein, with the City of West Covina.

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

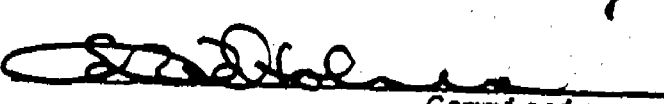
Dated at San Francisco, California, this 25th
day of MAY, 1971.



Chairman




Yessan L. Sturgeon



Commissioners