

Decision No. 79781

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHWEST WATER COMPANY, a California
Corporation, for an order authorizing
the transfer of water utility facilities
to the City of Ontario pursuant
to a stipulated judgment in condemnation
and to discontinue water
service.

Application No. 52878
(Filed September 22, 1971)

O P I N I O N

Southwest Water Company (Southwest), a California corporation, requests authority to transfer a portion of its water system in its Etiwanda District to the City of Ontario and to be relieved of its responsibility for public utility water service in the area served by the transferred system.

Southwest furnishes general metered water service to approximately 18,400 customers in three separate districts. The La Mirada District provides service to some 12,000 customers located in the City of La Mirada and vicinity, in Los Angeles and Orange Counties. The La Sierra District contains nearly 6,000 services in the community of La Sierra within the City of Riverside and vicinity, in Riverside County. The Etiwanda District supplies water to about 400 customers in or near the communities of Etiwanda and Guasti, in San Bernardino County.

The City of Ontario (City) has filed in the Superior Court in the County of San Bernardino an action in eminent domain against Southwest. The City seeks to condemn for public use those water facilities of Southwest in its Etiwanda District which are located within the city limits of City. The facilities consist of approximately 16,447 feet of water distribution pipeline ranging in size from 6-inch to 18-inch diameter, services, and meters providing water

service to five customers, a 500,000 gallon concrete reservoir (currently not in use), a 40,000 gallon steel reservoir, one well, two booster pumps, and two parcels of real estate, together with pipeline easements and licenses. A stipulation, a copy which is attached to the application as Exhibit B, has been entered into between Southwest and City. A copy of the Final Judgment in Condemnation is attached to the application as Exhibit C. The total compensation to be received by Southwest for these facilities is \$161,496.

There is one \$60,000 advance for construction outstanding. Said final judgment provides that City shall assume responsibility for paying the outstanding balance on the refund contract issued in connection with this advance.

As of June 30, 1971, the net book value of the plant to be transferred to City is \$155,148.

The Commission's staff in a report on Southwest, dated December 23, 1971, hereby included in this record as Exhibit 1, states that Southwest serves five customers in the area for which decertification is requested.

The City of Ontario has agreed to accept responsibility for water service to the public within the area outlined in red on Exhibit D attached to the application. Southwest states it will remain responsible for providing water service within the balance of the Etiwanda District, including a small triangular area lying southerly of the condemned area in Riverside County. There are at present no customers within said Riverside County portion of the service area.

The staff report states that the said area in Riverside County is approximately one square mile and is presently isolated from applicant's operating system by more than three miles. Within this area Southwest has no customers. More than half of the service area in Riverside County is occupied by the Mira Loma Space Center, an industrial complex, formerly an Air Force depot. The Space Center has its own water system.

The staff recommends that Southwest be authorized to complete the proposed transfer, that it be relieved of its obligation to serve the area outlined in red on Exhibit "D" attached to the application, and that said triangular area within the certificated area and within Riverside County be decertificated.

We find that:

1. City has the ability to acquire and operate that portion of Southwest's water system being transferred and to serve all of Southwest's customers in area served by said system.

2. Upon the consummation of the proposed transfer and after City has assumed responsibility for serving all of Southwest's customers, Southwest will no longer be performing a service to the public in the area outlined in red on said Exhibit "D" or in the area in Riverside County southerly of the area of condemnation.

3. Subject to the conditions set forth in the order which follows, the proposed transfer of facilities and discontinuance of public utility service will not be adverse to the public interest.

4. A public hearing is not necessary.

We conclude that the application should be granted as provided in the following order.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order Southwest Water Company may transfer to the City of Ontario the water system used to serve customers in the area delineated in red on Exhibit "D" attached to Application No. 52878 substantially in accordance with the terms of the judgement and Final Order of Condemnation attached to said application as Exhibit "C".

2. If, for income tax purposes, applicant elects to defer recognition of any gain resulting from the sale of this property, it shall establish and permanently maintain memorandum accounts in its books of account identifying the property acquisitions to which the capital gains are applied, and the depreciation that would otherwise be accrued thereon.

3. Within ten days after the date of actual transfer, applicant shall file in this proceeding written notification of the refunding of all customer deposits made by customers in the area being transferred to guarantee the payment of bills, if any, the date of transfer and the date upon which the City of Ontario shall have assumed the operation of the water system authorized herein to be transferred. A true copy of the instrument of transfer shall be attached to the written notification.

4. Upon compliance with ordering paragraphs 1 and 2 of this order, applicant shall stand relieved of its public utility obligations in the area outlined on Exhibit "D" attached to Application No. 52878 and in the contiguous area south of the foregoing area and within Riverside County and may discontinue service in said areas concurrently with the rendering of service by the City of Ontario.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this THU day of 1 MARCH, 1972.

[Signature]
Chairman
[Signature]
[Signature]
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Commissioners