

ORIGINALDecision No. 80361

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SUBURBAN WATER SYSTEMS, a
California Corporation, for
authority to withdraw from
public service within a limited
portion of the City of Whittier.

Application No. 53426
(Filed June 27, 1972;
Amended July 3, 1972)

O P I N I O N

By this application, as amended, Suburban Water Systems (Suburban) requests authority, as required by the provisions of Section XIV of the Commission's General Order No. 96-A, to withdraw from public service within a limited portion of its service area within the City of Whittier (City).

Suburban furnishes water service to approximately 45,000 general metered customers in two service areas designated as the San Jose Hills area and the Whittier area, in the County of Los Angeles. The San Jose Hills area is located in or adjacent to the Cities of West Covina, La Puente, Industry, and Glendora. The Whittier area is located in and near the City of Whittier and includes adjacent unincorporated area.

For many years, Suburban and its predecessor, Whittier Water Company, has been serving a small group of customers within the City of Whittier by means of a small distribution system which is isolated from the balance of Suburban's Whittier system. This small water system, now serving only 24 customers, is known as the "College Avenue System". Prior to the enactment of Section 1501, et. seq., of the Public Utilities Code, the City completely surrounded and paralleled this small system with the City's water mains. Suburban purchases water from the City in order to supply these 24 customers.

As shown on a map, attached to the application as Exhibit A, the College Avenue System is located within and adjacent to College Avenue between La Cuarta Street and Sargent Avenue. Service is provided by two 2-inch mains in College Avenue, supplied with water from the City system by means of a meter at College Avenue and La Cuarta Street. The City has a large size main running the length of College Avenue.

The City has notified Suburban of plans for the improvement of College Avenue from Tedemory Drive to Whittier Boulevard. This improvement would require the relocation or replacement of Suburban's mains at a cost of approximately \$11,000.

In 1971, the gross revenue derived from the 24 customers involved was \$1,932, while the cost of purchasing the water delivered to these customers was \$1,868. The application states the difference of \$64 is not adequate to pay the cost of providing service with the existing facilities, and could not under any circumstances justify the investment of an additional \$11,000. Suburban believes that, if required, such investment would become an undue burden on the Company's other customers. It is estimated that an additional investment of \$20,000 would be required in order to connect the College Avenue System to Suburban's own supply system.

The City of Whittier Water Department has agreed, after negotiation, to assume responsibility for providing water service to the 24 customers on this system by means of connection to City's existing facilities during the course of the street improvement work.

Suburban and City have developed an agreement which, among other things, provides:

"...CITY will thereafter undertake to supply water to the properties located within said 'College Avenue service area', whether the same are now served or not, upon the same terms and conditions, and at the same charges, as are, from time to time, imposed and charged by CITY for similar type water service to other customers of CITY. No connection or special charges shall be made

as to any properties included within the 'College Avenue service area', occasioned solely by the initial commencement of CITY service thereto, pursuant to this Agreement."

A copy of the agreement, after ratification by the City Council, was submitted to the Commission as late-filed Exhibit B by means of an amendment to the application filed July 3, 1972.

Under the terms of the agreement, Suburban will salvage its meters and any other salvageable material and abandon the balance of the facilities. City may or may not utilize portions of the abandoned facilities. Most of the facilities in this system are more than forty years old, having been installed by the Whittier Water Company. The original cost of the mains and services (excluding meters) being abandoned is \$5,555 and the accrued depreciation is \$2,728. Suburban states that no estimate can be made of the amount of material, other than the 24 meters, which may be salvaged, but such salvage is expected to be minimal.

The agreement provides that Suburban shall convey to the City all of its interest in the water plant left in place at the conclusion of the street work. Both parties specifically agree, however, that no part of the agreement applies to Suburban's Bartolo transmission line which crosses the College Avenue service area between Ramona Drive and Second Street.

According to the agreement, Suburban will reconstruct and replace the facilities required to convert the utility's system to that of the City, using material to be supplied by the City.

Suburban proposes to record the abandonment of these facilities by a journal entry in the general form set forth in Exhibit E, attached to the application.

The rates of the City of Whittier Water Department, which are attached to the application as Exhibit C, are comparable to the applicable rates of Suburban (Schedule No. 1, Area 2) which are

attached to the application as Exhibit D. The average usage of the 24 customers during the year 1971 was approximately 50 Ccf. per bi-monthly billing period. The bill under Suburban's rates for this usage is \$14.80, while the bill under the City rates for the same usage would be \$13.75.

Suburban states that the quality of water delivered to the customers will be unchanged, since these customers are now receiving water supplied by the City and also that the pressure available to the customers should, if anything, be improved, due to the size of the City's existing main in College Avenue.

Suburban has advised each of the affected customers of the filing of this application by means of a letter, a copy of which is attached to the application as Exhibit F. As of June 30, 1972, Suburban states that it had received no communication or question, either written or verbal, from any of the 24 customers.

Findings

The Commission has considered this matter, and finds that:

1. The terms of the agreement, attached to the amendment to the application as Exhibit B, adequately protect the customers of the utility who will be transferred to the City. Charges for residential customers are comparable from either of the water purveyors.
2. The proposed conveyance of the facilities referred to in the Agreement, Exhibit B as attached to the Amendment to the Application, is not adverse to the public interest.
3. Upon connection of the existing 24 customers to the water system of the City of Whittier, public convenience and necessity will no longer require a continuation of service by the utility in its College Avenue System.
4. The relief of applicant from its public utility obligations in its College Avenue System, and the assumption of those obligations by the City will not be adverse to the public interest.
5. A public hearing is not necessary.

Conclusions

The Commission concludes that:

1. The utility should be authorized to carry out the terms of the Agreement, Exhibit B as attached to the Amendment to the Application.
2. Upon completion of the connection of the 24 customers to the City water system, the utility should be relieved of its public utility water corporation obligations in its College Avenue System, as depicted in Exhibit A to the application.
3. The application should be granted subject to the conditions set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Suburban Water Systems may convey to the City of Whittier the public utility property in its College Avenue System as described in Exhibit B to the Amendment to the Application herein, under the terms and conditions set forth in said exhibit.
2. Within thirty days after the completion of conveyance, Suburban Water Systems shall file with the Commission a statement date upon which the 24 customers were connected to the water system of the City of Whittier and the date upon which the conveyance of the facilities became effective.
3. Upon completion of the connection of all the customers in the College Avenue service area to the water system of the City of Whittier, Suburban Water Systems may withdraw public utility water service in that limited area, and to the 24 customers presently served therein.
4. Within thirty days after completion of the conveyance, Suburban Water Systems shall file a revised tariff service area map reflecting the withdrawal of service from the College Avenue area. Such filing shall comply with General Order No. 96-A and shall become effective four days after the date of filing.

5. Upon compliance with all of the conditions of this order, Suburban Water Systems shall stand relieved of its public utility obligations in connection with the portion of its public utility water system herein authorized to be transferred.

6. The authority granted herein shall expire in one year after the effective date hereof unless earlier exercised.

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

Dated at San Francisco, California, this 24
day of AUGUST, 1972.

Vernon L. Lutz
President
William J. Moore
James H. Moore
James H. Moore
Commissioners