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Decision No. 82167

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 Confirming the Transfer of
Certain Property to the City of
Riverside, Pursuant to Judgment
in Eminent Domain and Final Order
of Condemnation, and for the
Discontinuance of Water Service
in the La Sierra District,
Riverside County.

Application No. 54209
(Filed July 27, 1973)

O P I N I O N

Southwest Water Company (Southwest) is a California corporation engaged in supplying water as a public utility within the State of California. Southwest furnishes general metered water service to approximately 12,400 customers in two 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 Etiwanda District supplies water to about 400 customers in or near the community of Etiwanda in San Bernardino County. Prior to June 30, 1973, Southwest also served approximately 6,300 customers in the La Sierra District in Riverside County.

The city of Riverside through an action in eminent domain, No. 105592 in the Superior Court, State of California, County of Riverside, for the sum of \$4,700,000 has acquired all of the facilities of Southwest comprising its La Sierra District. A copy of the Judgment in Eminent Domain and Final Order of Condemnation in said action is attached to the application as Exhibit A. The city of Riverside took possession of the La Sierra system on June 30, 1973, and has been providing water service to the customers therein since that date.

Under the terms of the stipulated judgment in the eminent domain proceedings, Southwest has retained the responsibility for repayment of all outstanding advance refund contracts. The present outstanding balance of these contracts is \$697,748. The city has agreed to provide Southwest with a record of the future annual revenues received from customers served by facilities installed under these contracts so that refunds may be made in accordance with the contract terms, generally at 22 percent of annual gross revenue.

All customer deposits to guarantee payment of bills are to be refunded within 60 days.

Southwest has made the following disposition of the funds received from the city of Riverside:

1. Funds have been deposited with the trustee to retire the total first mortgage indebtedness under the terms of the indentures.
2. The 8-1/2 percent debentures have been retired.
3. The balance of the proceeds have been used to pay attorneys' fees, replenish working capital, and for investment in short term governmental obligations.

The city of Riverside has agreed to assume the duties and obligations to provide water to the existing and future water customers residing in the certificated service area of Southwest in the La Sierra District.

The Balance Sheet of Southwest as of June 30, 1973 and June 30, 1972. and the Comparative Statement of Income of Southwest for the six months ended June 30, 1973 and June 30, 1972 are attached to the application as Exhibit C.

Southwest requests that the Commission issue an order:

1. Confirming the transfer of the facilities described in the application to the city of Riverside pursuant to the Judgment in Eminent Domain and Final Order of Condemnation attached to the application as Exhibit A.

2. Relieving Southwest of its obligation for providing public utility water service in its former La Sierra District.

3. Granting such other and further authorization as the Commission deems appropriate.

The city of Riverside joins in this application and requests the Commission to issue the ex parte order requested by Southwest in this application. In its joinder in the application the city of Riverside agrees to assume the duties and obligations to provide water to the existing and future water customers residing in the certificated area of Southwest Water Company in the La Sierra District.

Findings

1. The city of Riverside under a Judgment in Eminent Domain and Final Order of Condemnation dated June 28, 1973 in Action No. 105592 in the Superior Court, State of California, county of Riverside, took possession of the La Sierra water system of Southwest on June 30, 1973, and has been providing water service to customers within the service area of said water system since that date.

2. The city of Riverside has agreed to assume the duties and obligations to provide water to the existing and future water customers residing in the certificated area of Southwest Water Company in the La Sierra District.

3. Under the terms of the stipulated judgment in the eminent domain proceedings, Southwest has retained the responsibility for repayment of all outstanding advance refund contracts, the present balance of which is \$697,748.

4. All customer deposits to guarantee payment of bills were to have been refunded on or before September 26, 1973.

5. The transfer of the La Sierra water system facilities of Southwest to the city of Riverside on June 30, 1973 pursuant to a Judgment in Eminent Domain and Final Order of Condemnation in Action No. 105592 in the Superior Court, State of California, county of Riverside, is not adverse to the public interest and should be confirmed by the Commission.

6. The Commission finds with reasonable certainty that the transfer of the La Sierra water system facilities of Southwest to the city of Riverside on June 30, 1973 has not had and will not have a significant effect on the environment.

7. Southwest should be relieved of its obligation to provide public utility water service in the La Sierra District subject to the conditions set forth in the ensuing order.

8. A public hearing is not necessary.

Conclusion

The Commission concludes that 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. Southwest Water Company is authorized to transfer the facilities of its La Sierra District water system to the city of Riverside pursuant to the Judgment in Eminent Domain and Final Order of Condemnation dated June 28, 1973 in Action No. 105592 in the Superior Court, State of California, county of Riverside, and the transfer of said facilities by Southwest Water Company to the city of Riverside pursuant to said Judgment and Final Order on June 30, 1973, is hereby confirmed.

2. Within thirty days after the date of this order and on or before April 30 of each year thereafter, Southwest Water Company shall file with the Commission a complete list for its La Sierra District of all unrefunded main extension agreements as of September 30, 1973, and as of December 31, 1973 and December 31 of each year thereafter, together with the amounts actually due thereon and the amounts to be refunded in the future by Southwest Water Company or its successors.

3. Within thirty days after the date of this order Southwest Water Company shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.

4. Southwest Water Company shall refrain from the payment of dividends on its preferred and common stock, if and so long as any of its obligations to repay amounts due under (a) its main extension agreements and (b) the provisions of paragraph 3 of this order are delinquent more than sixty days.

5. Except as otherwise provided in this order, on the effective date of this order Southwest Water Company shall stand relieved of its public utility obligations in connection with its La Sierra District public utility water system, the facilities of which were transferred to the city of Riverside on June 30, 1973 pursuant to the Judgment in Eminent Domain and Final Order of Condemnation dated June 28, 1973 in Action No. 105592 in the Superior Court, State of California, county of Riverside.

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

Dated at San Francisco, California, this 27th
day of NOVEMBER, 1973.

Vernon L. Sturges
President
William J. Simpson
E. J. Wilson
James H. Miller
James H. Miller
Commissioners