

**ORIGINAL**

Decision No. 84528

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of DOMINGUEZ WATER CORPORATION, a California corporation, for authority to sell a portion of its system to the City of Long Beach and for authority to cease operations in said area and to be relieved of its public utility obligation.

Application No. 55508  
(Filed February 21, 1975)

O P I N I O N

Dominguez Water Corporation (applicant), a California corporation, requests authority to sell and transfer a portion of its water system to the city of Long Beach (Long Beach), a municipal corporation, pursuant to Section 851 of the Public Utilities Code.

Applicant serves a 35-square mile service area within the cities of Carson, Torrance, Long Beach, and Los Angeles, and within the county of Los Angeles. As of December 31, 1974 applicant served 28,004 metered customers, 505 private fire protection services, and 3,024 public fire hydrants.

Long Beach serves domestic water to residents in an area immediately adjacent to the portion of applicant's service area identified as Long Beach's Annexation Increment No. 227 (LB 227).

Long Beach's Board of Water Commissioners (Board) previously made a determination that it would be in the best interests of the city to have all of the water service to LB 227 rendered by the Long Beach Water Department. Long Beach alleges that it is ready, willing, and able to provide water service within LB 227 after the sale is completed and that it would supply this service without discrimination and at the same rates and charges as are applicable to other customers supplied by its water department.

Applicant alleges that the Board adopted Resolution No. 807 authorizing the city attorney to prepare and prosecute eminent domain proceedings to acquire all of that portion of applicant's water system within LB 227, that applicant has negotiated with Long Beach under threat of condemnation and has agreed to sell and transfer the right to extract 100 acre-feet of applicant's allowed pumping allocation and 125 acre-feet of applicant's total water rights in the Central basin, Los Angeles County; and that water rights were allocated to the company under and pursuant to a judgment dated October 11, 1965, and entered in Los Angeles Superior Court Case No. 786,656 entitled "Central and West Basin Water Replenishment District versus Charles E. Adams, et al."

Under terms of the agreement, Exhibit A attached to the application, Long Beach has agreed to pay applicant \$54,000 for applicant's physical plant in LB 227, excluding meters, and for the above mentioned water rights. Long Beach agreed to either remove and deliver the meters in LB 227 to applicant or to replace them in kind within 30 days after the date of the transfer. Long Beach has agreed to assume all responsibility with respect to the system subsequent to its assumption of ownership of that system. The property to be transferred and conveyed to Long Beach pursuant to the agreement would be free and clear of all taxes and assessments due and payable on or before the closing date.

The agreement also provides for the filing of the subject application and provides that applicant arrange for the release of the property transferred from the lien of the trust indenture dated August 1, 1954 between applicant and Title Insurance and Trust Company.

Applicant alleges there are no outstanding advances for construction with respect to the facilities being condemned and that the depreciated value of the plant being transferred amounts to \$6,449 and that the water rights to be transferred to the city

have a book value of \$800. Applicant's Board of Directors have stated that the water rights proposed to be sold and transferred would no longer be used and useful in the performance of applicant's duties to the public after the consummation of the sale. Applicant believes that the \$54,000 to be received from the sale of these properties is not less than the fair value of the property sought to be released. Applicant seeks approval to delete LB 227 from its service area and to be relieved from any further public utility obligation for water service in that area. Applicant alleges that approval of the negotiated sale with Long Beach is in the best interest of the public and that there would be a continuity in water service by Long Beach and that Long Beach would be in a position to expand the distribution facilities and water supply to this area to meet future increase demands as they arise. Applicant requests ex parte treatment in this proceeding. By letter dated March 24, 1975, Long Beach advised the staff that the purchase price is included in its current budget for fiscal year July 1, 1974 to June 30, 1975 and that they desired to expedite completion of the transfer to avoid rebudgeting of the purchase price.

LB 227 is described and depicted on Exhibit A attached to the application. The area contains approximately 207 acres lying generally east of Santa Fe Avenue Between the San Diego Freeway and Dominguez Street. The physical plant proposed to be conveyed is shown on a map, Exhibit 1 herein.

Exhibit 2 herein lists 21 services proposed to be transferred, 17 which were active in 1974. Total water sales to customers in LB 227 are as follows: 76.6 acre-feet in 1974, 78.3 acre-feet in 1973, 131.3 acre-feet in 1972 and 133.5 acre-feet in 1971. The average annual sales for this period are 105 acre-feet.

Exhibit 3 herein shows that Long Beach's charges for the general metered service customers proposed to be transferred would be lower than those of the applicant's, and Long Beach's irrigation charges will be higher compared to applicant. Applicant has an irrigation rate schedule; Long Beach does not.

Findings

1. The proposed transfer would not be adverse to the public.
2. Upon consummation of the transfer, public convenience and necessity would not longer require applicant to render water service within LB 227.
3. The transfer of water rights is necessary for Long Beach to assume the obligation of providing water service to consumers within LB 227.
4. A public hearing is not necessary.

We further find with reasonable certainty that the project involved in this proceeding will not have a significant effect on the environment.

Conclusion

The proposed transfer would not be adverse to the public interest and should be authorized subject to the provisions of the order herein.

O R D E R

IT IS ORDERED that:

1. On or before June 30, 1976 Dominguez Water Corporation may sell and transfer the water system and water rights referred to in the application to the Board of Commissioners of the city of Long Beach, for and on behalf of the city of Long Beach; and on its own behalf in its official capacity, according to the terms and conditions contained in Exhibit A, attached to the application.
2. On or before the date of actual transfer seller shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.

3. Within ten days after the completion of the transfer seller shall notify the Commission, in writing, of the date of transfer, of the refunding of deposits, and of the date upon which purchaser shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

4. Upon completion of the sale and transfer authorized by this order and upon compliance with all of the terms and conditions of this order, seller shall be relieved of its public utility obligations in connection with the water system transferred.

5. Within sixty days after completion of the sale herein authorized, Dominguez Water Corporation shall file a copy of each journal entry used to record the sale on its books of account.

6. Within thirty days of the date of transfer applicant shall file revised tariff sheets, including a revised tariff service area map deleting the area within Long Beach's annexation area No. 227. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be five days after the date of filing.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 10<sup>th</sup> day of JUNE, 1975.

Vernon L. Livingston  
President  
William L. ...  
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...  
Commissioners