

ORIGINAL

Decision 84 03 038

SEP 19 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
of SUBURBAN WATER SYSTEMS, a
corporation, for an order
authorizing (1) the sale and
transfer to the City of Covina
of public utility property of
Suburban Water Systems, and
(2) the discontinuance of service
by Suburban Water Systems in
certain territory in or near the
City of Covina.

Application 84-03-34
(Filed March 9, 1984;
amended July 11, 1984)

O P I N I O N

Suburban Water Systems (Suburban), a California corporation, seeks authority under Public Utilities (PU) Code Sections 851 and 1001 and Rule XIV of this Commission's General Order (GO) 96-A to sell and transfer to the City of Covina (City) certain facilities which are presently used and useful in providing water service to customers and to acquire from City certain facilities presently owned and used by City to provide water service outside its corporate limits.

For many years, City has, through its water department, provided water service to about 250 customers in areas outside of the City's corporate limits, which have been annexed to West Covina. Suburban proposes, in accordance with the terms of an agreement dated August 15, 1983, to acquire the facilities of City serving the area (Area X in the agreement) and undertake the obligation to provide water service thereto as an extension into contiguous areas permitted under PU Code Section 1001.

Similarly, also in accordance with the terms of the agreement dated August 15, 1983, City proposes to acquire from Suburban the facilities located partly within the boundaries of City and partly within an unincorporated area contiguous to City (Area A in the agreement).

Suburban and City have obtained from Zimmerman Consulting Engineers an independent appraisal of the properties to be conveyed by Suburban to City and by City to Suburban. The appraisal indicates that the fair value of the property to be conveyed to Suburban is \$83,975 greater than that of the property to be conveyed to City, but the parties have agreed that only \$51,700 is to be paid to City by Suburban.

Suburban alleges that the proposed exchange of service areas, customers, and facilities is in the public interest in that it will eliminate islands of customers within the respective service areas of Suburban and City.

Upon completion of the transfer Suburban and City will be relieved of the responsibility of serving the customers to be transferred and will assume the responsibility of serving the new customers. Suburban will provide service to its new customers in accordance with its Schedule No. SJW-1, Tariff Area No. 2, and City will provide service to its new customers in accordance with its rates established by Resolution No. 4386 approved and passed May 21, 1984. The impact of the transfer of customers on the typical residential customer under present rates is as follows:

<u>Monthly Use (In Hundred Cubic Feet)</u>	<u>Monthly Bill at Present Rates</u>		
	<u>Covina</u>		
	<u>Inside City</u>	<u>Outside City</u>	<u>Suburban</u>
10	\$ 7.45	\$12.22	\$13.00
20	12.95	20.62	19.43

Notice of the effect of the transfers on the involved customers of both Suburban and City has been mailed to all such customers. City and Suburban each report several inquiries about the proposed transfers. There were, however, no protests lodged against the transfers.

In its amended application, Suburban detailed and subsequently revised the proposed journal entries to record the exchange of assets between Suburban and City. Our staff has reviewed the revised proposed journal entries and finds them to be satisfactory.

Findings of Fact

1. Suburban presently serves customers located within City's corporate limits and within an unincorporated area outside of but contiguous to City.
2. City presently provides service to about 250 customers in isolated island areas presently within the city limits of West Covina.
3. Suburban and City entered into an agreement dated August 15, 1983, whereby City is to transfer its water facilities located in the areas shown as Area X on the map attached to the agreement to Suburban in exchange for \$51,700 and the water facilities in the area shown as Area A on the map attached to the agreement.

4. After the transfer, Suburban will be relieved of the obligation of serving the customers in Area A and City will be relieved of the obligation of serving the customers in Area X.

5. After the transfer, Suburban will provide service to its new customers in Area X in accordance with the provisions of its tariff Schedule No. SJW-1, Tariff Area No. 2, and City will provide service to its new customers in Area A in accordance with the rates established by Resolution No. 4386 approved and passed May 21, 1984.

6. The proposed exchange of service areas, customers, and facilities is in the public interest in that it will eliminate islands of customers within the respective service areas of City and Suburban, resulting in more efficient service to the customers of each.

7. Notice of the effect of the proposed service area exchanges was mailed to the customers who will be affected by the exchange of service areas and no protests have been received.

8. Suburban's proposed journal entries to record the exchange of assets between Suburban and City are reasonable.

9. A public hearing is not necessary.

Conclusion of Law

The requested authority should be granted as provided in the following order.

O R D E R

IT IS ORDERED that:

1. Suburban Water Systems (Suburban) may sell and transfer to the City of Covina the public utility property serving Area A shown on Exhibit A to Exhibit 2 to the application in accordance with the terms of the agreement dated August 15, 1983 attached to the application.

2. Upon compliance with all of the terms and conditions of this order, Suburban shall be relieved of its public utility obligations in connection with the water facilities in Area A.

3. Suburban may expand its service area into Area X as shown on Exhibit A to Exhibit 2 to the application and on the revised tariff area map attached as Exhibit B to the amendment to the application.

4. Within 30 days of the consummation of the transfer, Suburban shall record the transaction in its books of account in accordance with the journal entries set forth on Exhibit D to the amendment to the application.

5. The application is granted as set forth above.

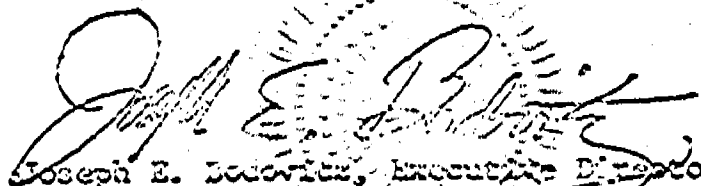
This order becomes effective 30 days from today.

Dated SEP 19 1984, at San Francisco, California.

Commissioner William T. Bagley
being necessarily absent, did
not participate.

VICTOR CALVO
FRISCILLA C. GREW
DONALD VIAL
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Sedovitz, Executive Director