

Decision 82 10 025 OCT 6 1982

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHERN CALIFORNIA WATER)
COMPANY and CITY OF SANTA ANA)
for an order authorizing the)
sale of certain properties of)
Southern California Water)
Company to the City of Santa)
Ana.)

Application 82-08-15
(Filed August 3, 1982)

O P I N I O N

Southern California Water Company (SCWC) and the City of Santa Ana (Santa Ana) seek an ex parte order authorizing the sale and transfer of certain water system properties from SCWC to Santa Ana and, further, upon completion of such sale to relieve SCWC of its public utility obligation to supply water within the service areas to be transferred.

The water property to be sold consists of two systems of SCWC's Orange County District lying within the city limits of Santa Ana as delineated in Exhibit III attached to the application.

By resolution adopted April 5, 1982, the City Council of Santa Ana unanimously authorized the acquisition of the two water systems. The resolution further indicated that Santa Ana would resort to the legal enforcement of its right of eminent domain if it was not possible to arrive at a negotiated acquisition of the two systems.

Santa Ana confirms that it has executed the Water Systems Acquisition Agreement (Agreement) dated July 6, 1982 attached to the application as Exhibit II. Santa Ana alleges that it desires to acquire the two systems from SCWC in accordance with the terms of the Agreement and that if the systems are so acquired, will operate them in conjunction with its existing city-owned water system.

According to the Agreement, the purchase price to be paid for the two water systems is \$2,000,000; SCWC agrees to transfer the systems to Santa Ana free and clear of any and all claims; SCWC shall remain liable for the revenue refund contracts set forth in Exhibit C to the Agreement; the systems shall be conveyed by grant deed and bill of sale in form and substance satisfactory to Santa Ana; and the date of closing shall be as mutually agreed upon by the parties but no later than October 31, 1982. The Agreement also provides that the transfer of the water systems in accordance with the Agreement shall have been approved by this Commission without any burdensome conditions or restrictions.

The water systems to be sold to Santa Ana are completely surrounded by Santa Ana, and numerous interconnections exist between the two systems. SCWC is dependent upon the interconnections with Santa Ana's system in order to meet fire-flow requirements, and SCWC would need to invest more capital if it were to make the two systems to be sold to Santa Ana capable of functioning independently from Santa Ana's system. Santa Ana's proposed rates for water service to customers served by the water systems to be sold to it are slightly lower than SCWC's water rates to such customers as shown by the following tabulations:

Rates Charged by the City of Santa Ana

A. Water Rates Rate Per 100 Cubic Feet
 All \$0.47

B. Service Charges, Bimonthly

(1) Minimum Meter Rates

<u>Size of Meter</u>	<u>Quantity, Cubic Feet</u>	<u>Rate</u>
5/8" x 3/4"	1,000	\$ 4.70
3/4" x 1"	2,000	9.40
1"	2,500	11.75
1-1/2"	5,000	23.50
2"	7,500	35.25
3"	25,000	117.50
4"	35,000	164.50
6"	50,000	235.00
8"	80,000	376.00

(2) Private fire service rates with detector check valves, bimonthly standby charge

<u>Size of Service</u>	<u>Rate</u>
3" or less	\$ 9.00
4"	12.00
6"	18.00
8"	24.00
10"	30.00
12"	36.00

Commodity charge to be added to said standby charge:

All water supplied as recorded by the detector check valve bypass meter:

Per 100 Cubic Feet \$0.50

Rates Charged by Southern California Water Company

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 300 cu.ft., per 100 cu.ft.	\$0.320
Over 300 cu.ft., per 100 cu.ft.	0.404
 Service Charge:	
For 5/8 x 3/4-inch meter	\$ 3.00
For 3/4-inch meter	5.00
For 1-inch meter	7.75
For 1-1/2-inch meter	11.00
For 2-inch meter	18.00
For 3-inch meter	22.00
For 4-inch meter	48.00
For 6-inch meter	73.00
For 8-inch meter	121.00
For 10-inch meter	175.00

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the Quantity Rates.

Santa Ana will commence operation of the acquired systems on the date of closing. SCWC will pay to Santa Ana any water bill collections by SCWC for water service rendered to purchasers of water served by the water systems after the date of closing, and Santa Ana will pay to SCWC any amounts received by Santa Ana for water service rendered to purchasers of water in the area served by the water systems prior to and including the date of closing. SCWC will remain liable on revenue refund contracts that are related to the property to be sold.

Findings of Fact

1. The proposed transfers would not be adverse to the public interest.
2. The authorization granted shall not be construed as a finding of value of the rights and properties authorized to be transferred.
3. Upon consummation of the sales and transfers, SCWC should be relieved of its obligation to provide public utility water service within the service areas inside the city limits of Santa Ana included in the transaction.
4. A public hearing is not necessary.

Conclusions of Law

1. The requested authority should be granted as provided in the following order.
2. The following order should be effective the date of signature because there is an immediate need of this authority by Santa Ana.

O R D E R

IT IS ORDERED that:

1. On or before October 31, 1982 Southern California Water Company (SCWC) may sell and transfer the water systems referred to in the application to the City of Santa Ana (Santa Ana) in accordance with the terms of agreements attached as exhibits to the application.
2. On or before the date of actual transfer, SCWC shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund, in the areas within Santa Ana.

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3. As a condition of this grant of authority, SCWC shall remain liable for the revenue refund contracts set forth in Exhibit C to the agreement.

4. Upon compliance with all of the terms and conditions of this order, SCWC shall be relieved of its public utility obligations in connection with the water system transferred to Santa Ana.

5. SCWC shall report to the Public Utilities Commission the original cost and the accrued depreciation 30 days after the sale and transfer of the properties authorized by this order is consummated.

This order is effective today.

Dated October 6, 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

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

Joseph E. Bođovitz
Joseph E. Bođovitz, Executive Director

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