

Decision No. 87646 JUL 26 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of PARK WATER COMPANY, SOUTHERN
CALIFORNIA WATER COMPANY, CITY
OF DOWNEY WATER FACILITIES
CORPORATION and the CITIES OF
DOWNEY and PICO RIVERA for an
order authorizing the transfer
of certain properties of Southern
California Water Company to the
Cities of Downey and Pico Rivera
and the transfer of certain
properties of Park Water Company
to Southern California Water
Company and the Cities of Downey
and Pico Rivera.

Application No. 57212
(Filed April 7, 1977)

O P I N I O N

By this application, Southern California Water Company (SCWC) and Park Water Company (Park) request authority to sell and transfer portions of their water systems in Los Angeles County to the cities of Pico Rivera (Pico Rivera) and Downey (Downey) and to be relieved of public utility obligations within Downey and Pico Rivera. Also involved is a transfer of portions of former Park water systems from Downey and Pico Rivera to SCWC. Applicants further request that the application be granted ex parte.

Description

SCWC provides service to about 114,711 customers in Los Angeles County of which approximately 2,560 lie within Downey and 495 within Pico Rivera. Park provides service to about 41,000 customers in Los Angeles County of which approximately 8,219 lie within Downey and 2,239 within Pico Rivera. The water division,

Public Works Department, of Downey currently serves about 12,500 customers within Downey while Pico Rivera serves about 6,000 customers within Pico Rivera. Park also serves approximately 2,639 isolated customers near Downey and Pico Rivera which can be interconnected with SCWC's system.

Downey and Pico Rivera joined in the application and intend to operate the systems as municipal utilities after acquisition. Both cities maintain that they will continue to provide water service to present customers and the applicants for service in the areas currently served by SCWC and Park within the boundaries of the respective cities. All parties express the desire to have the transfers accomplished at the earliest possible time.

Downey and Pico Rivera have independently held public meetings where the acquisitions were discussed. Notification of customers was accomplished by means of newsletter articles and by the respective city council agenda dissemination. SCWC and Park mailed notices of the proposed transfers to their customers in Pico Rivera because of the increase in rates to be experienced by customers in that city. The Commission received several responses objecting generally to the need for the transfer and consequent increase in rates.

Synopsis of Transfers

The following table summarizes essential information related to the component transfers sought by the application:

<u>Transfer</u>	<u>No. of Customers</u>	<u>Water Rights</u> (Acre-feet)	<u>Purchase Price</u> (Million \$)
SCWC-Downey	2,439	0	1.36
SCWC-Pico Rivera	495	0	.24
Park-Downey	8,219	10,750	5.43
Park-Pico Rivera	2,239	2,875	1.71
Park-Downey-SCWC ^{1/}	2,439	0	1.34
Park-Pico Rivera-SCWC ^{2/}	200	0	.11

- ^{1/} Downey designated SCWC to be purchaser of this portion.
- ^{2/} Pico Rivera designated SCWC to be purchaser of this portion.

Park asserts that the book value of its properties appurtenant to this application is \$3.66 million. Park's water rights included in the sale (13,625 acre-feet per year) are not capitalized on its books; however, the prevailing market for water rights permits a price of approximately \$350 per acre-foot, according to the Los Angeles County assessor.

SCWC states that the book cost of its properties appurtenant to this application is \$841,474. No water rights are to be transferred by SCWC.

Advances and Deposits

The application states that Downey, Pico Rivera, and SCWC, respectively, shall assume the main extension agreements of Park. Customer deposits held by Park will be refunded, less any outstanding balances due.

Service

Downey, Pico Rivera and SCWC will commence operation of their respectively acquired systems on the date of closing. Downey and SCWC will perform all normal utility functions in the systems they acquire. In addition, Downey will perform major repair and construction work on the Pico Rivera system. Pico Rivera will handle routine utility function such as meter reading and leak repair. Billing will be contracted to a vendor.

Water Supply

As a result of these transfers, Downey would acquire water rights of 10,750 acre-feet, and pumping rights of 8,600 acre-feet. The anticipated demand resulting from the proposed transfer would be 8,200 acre-feet. Pico Rivera would acquire total water rights of 2,875 acre-feet with allowable pumping rights of 2,300 acre-feet.

Rates

Downey intends to maintain current rates for present customers of Park and SCWC in those systems acquired by Downey. Pico Rivera intends to apply its own rates to those customers whose service Pico Rivera will assume. SCWC intends to maintain Park's rates in those areas formerly served by Park which SCWC will

acquire. A comparison of the present rates of SCWC, Park and Pico Rivera is shown in the following table:

Rates Charged By Park Water Company

<u>Quantity Rates</u>		<u>Per Meter</u> <u>Per Month</u>
First	700 Cu.Ft., or less	\$ 3.31
Next	4,300 Cu.Ft., or less383
Next	95,000 Cu.Ft., or less304
Over	100,000 Cu.Ft., or less263

Minimum Charge

For 5/8 x 3/4-inch meter	\$ 3.31
For 3/4-inch meter	4.15
For 1-inch meter	7.25
For 1½-inch meter	14.50
For 2-inch meter	21.75
For 3-inch meter	36.00
For 4-inch meter	57.00
For 6-inch meter	115.00
For 8-inch meter	200.00
For 10-inch meter	285.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

Rates Charged By Southern California Water Company

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>
First 500 cubic feet, per 100 cubic feet	\$ 0.288
Over 500 cubic feet, per 100 cubic feet	0.320
 <u>Service Charge</u>	
For 5/8 x 3/4-inch meter	\$ 2.75
For 3/4-inch meter	4.25
For 1-inch meter	7.00
For 1½-inch meter	10.40
For 2-inch meter	16.50
For 3-inch meter	21.00
For 4-inch meter	46.00
For 6-inch meter	70.00
For 8-inch meter	115.00
For 10-inch meter	165.00

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.

Rates Charged By The City Of Pico Rivera

Monthly rate for water service as set forth herein entitles the customer to purchase water at Quantitative Charge for water delivered.

<u>Size of Meter</u>	<u>Monthly Meter Rate</u>
5/8"	\$ 4.00
3/4"	4.50
1"	6.50
1½"	12.00
2"	18.00
3"	32.00
4"	40.00
6"	45.00

Quantitative charge: For all water delivered there will be a charge of thirty (30) cents per 100 cubic feet.

A typical customer of Park living in Pico Rivera who uses 20 Ccf per month would experience an increase of about 21% in his monthly bill, from \$8.29 at Park's rates to \$10 at Pico Rivera's rates. A typical customer of SCWC living in Pico Rivera who uses 20 Ccf per month would experience an increase of about 10% in his monthly bill, from \$8.99 at SCWC's rates to \$10 at Pico Rivera's rates.

Environmental Impact

It can be seen with certainty that there is no possibility that these transfers of ownership per se may have a significant effect on the environment. However, acquisitions of those systems of Park and SCWC by Downey and Pico Rivera are part of larger projects whereby Downey and Pico Rivera intend to purchase and consolidate the ownership and operations of several water systems operating within each city. Each city is the lead agency for their respective acquisition projects pursuant to the California Environmental Quality Act of 1970, as amended. On May 17, 1976 Pico Rivera approved its final "Environmental Impact Report for the Water Purveyors Purchase Project." The Commission took official notice of this EIR in Decision No. 87009, dated February 23, 1977. On September 15, 1976 Downey approved its final "Environmental Impact Report for the Water Purveyor's Purchase Project." These EIR's cited the elimination of service area fragmentation as the motive for initiating the overall projects.

Discussion

The Commission received a letter dated July 21, 1977 from Alexander R. Tobin, an attorney purporting to represent the Paramount County Water District and the City of Paramount requesting that this matter be set for hearing. He alleges that a hearing is necessary because the application does not recite that many of the water services being transferred are within the boundaries of the City of Paramount and the fact that the City was never provided notice of the application.

The Commission is aware that some 2,400 customers of Park now live within the confines of the City of Paramount and that under the proposal before us, if approved, those customers would be served by SCWC. We are also aware that through Mr. Tobin Paramount and its Water District had actual notice of this proceeding at least by July 8, 1977 on which date Mr. Tobin corresponded with our staff.

While Mr. Tobin has requested a hearing, he has not indicated to us what he would accomplish therein. The moving parties to this proceeding have specifically requested early ex parte relief. We do not feel that a hearing as requested by Mr. Tobin is necessary.

Findings

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 and Park should be relieved of their obligation to provide public utility water service within and around the Pico Rivera and Downey areas included in the transaction.

4. Upon consummation of the sale and transfer, SCWC should assume the obligation to provide public utility water service to those portions designated for sale to SCWC by Downey and Pico Rivera.

5. A public hearing is not necessary.

Conclusion

The Commission concludes that this application should be granted in accordance with the ensuing order.

O R D E R

IT IS ORDERED that:

1. On or before July 1, 1978, Park Water Company and Southern California Water Company may sell and transfer the water systems referred to in the application to the cities of Downey and Pico Rivera.

2. On or before the date of actual transfer, Southern California Water Company shall assume the public utility obligations of Park within the areas designated for resale by the cities of Downey and Pico Rivera to Southern California Water Company.

3. On or before the date of actual transfer, Park Water Company and Southern California Water Company shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund, in the areas within the cities of Downey and Pico Rivera.

4. As a condition of this grant of authority, the cities of Downey and Pico Rivera shall assume all liability for refunds of main extension advances, if any, which have been established within the cities of Downey and Pico Rivera.

5. As a condition of this grant of authority Southern California Water Company shall assume liability for refunds of all existing customer deposits and advances pertaining to the water system served by Park Water Company and designated for resale by the cities of Downey and Pico Rivera. Southern California Water Company shall send notice of the assumption of liability for refunds to all customers affected.

6. Within ten days after completion of the transfer Southern California Water Company shall notify the Commission, in writing, of the date of completion and of the assumption of the obligations set forth in paragraphs 2 and 5 of this order.

7. Southern California Water Company shall file a statement adopting the tariffs of Park Water Company which prevail in the affected area now on file with this Commission.

8. On or before the date of actual transfer, Park Water Company shall deliver to Southern California Water Company, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the water system authorized to be transferred.

9. Upon compliance with all of the terms and conditions of this order, Park Water Company shall be relieved of its public utility obligations in connection with the water system transferred.

10. Upon compliance with all of the terms and conditions of this order, Southern California Water Company shall be relieved of its public utility obligations in connection with its water systems transferred to the cities of Downey and Pico Rivera.

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

Dated at San Francisco, California, this 26th day of JULY, 1977.

Robert Bateman
President
William J. Quinn
Vernon L. Stutzgen
Richard D. Hovala

Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.