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Decision No. 91436 MAR 18 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PARK WATER COMPANY  
and SOUTHERN CALIFORNIA WATER COMPANY  
for an Order authorizing the transfer  
of certain properties of PARK WATER  
COMPANY to SOUTHERN CALIFORNIA WATER  
COMPANY, and of SOUTHERN CALIFORNIA  
WATER COMPANY to PARK WATER COMPANY.

Application No. 59165  
(Filed September 26, 1979)

O P I N I O N

Park Water Company (Park) and Southern California Water Company (SCWC) request an order, pursuant to Section 851, Public Utilities Code, authorizing the transfer and exchange of certain properties together with the rights, interests and/or obligations set forth in Exhibits "A" and "B" attached to the application.

Both Park and SCWC are public utilities which provide water service in various counties in California.

Portions of Park's water system to be transferred to SCWC are located within the County of Los Angeles in the cities of La Mirada, Hawaiian Gardens, and Gardena, depicted in Exhibit "A" attached to the application.

Portions of SCWC's water system to be transferred to Park are located within the city of Chino, San Bernardino County; and the cities of Compton and Norwalk, Los Angeles County, depicted in Exhibit "B" attached to the application.

The price to be paid to SCWC by Park hereunder is \$190,483, subject to adjustment 90 days following the closing by an amount equal to the difference between the rate base, as of the date of closing, of SCWC for SCWC properties and of Park for Park properties as determined from each party's records.

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Summary of Exchange

Park's utility properties to be transferred to SCWC  
in exchange are as follows:

Water System\*

Location	La Mirada	Gardena	Hawaiian Gardens	Total
No. of Customers	355	646	388	1,389
Service Area, Acres	99	120	116	335
Revenue 1978 Recorded	\$38,610	\$43,837	\$41,796	\$124,243
<u>Rate Base*</u>				
Utility Plant	\$85,378	\$185,508	\$171,429	\$442,315
Reserve for Depreciation	24,654	53,568	49,503	127,725
Advances for Construction	0	0	0	0
Contributions in Aid of Construction	<u>20,605</u>	<u>2,067</u>	<u>3,740</u>	<u>26,412</u>
Rate Base	\$40,119	\$129,873	\$118,186	\$288,178

\* Statistics furnished by Park.

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SCWC's utility properties to be transferred to Park in exchange are as follows:

Water System\*

Location	Chino	Compton	Norwalk	Total
No. of Customers	1,505	226	166	1,897
Service Area, Acres	2,645	50	55	2,750
Revenue 1978 Recorded	\$ 260,983	\$26,763	\$18,594	\$ 306,340

Rate Base\*

Utility Plant	\$1,009,089	\$37,644	\$35,775	\$1,082,508
Reserve for Depreciation	203,656	23,140	9,518	236,314
Advances for Construction	240,726	0	0	240,726
Contributions in Aid of Construction	<u>126,807</u>	<u>0</u>	<u>0</u>	<u>126,807</u>
Rate Base	\$437,900	\$14,504	\$26,257	\$ 478,661

Park and SCWC wish to exchange the properties because it will enable each party to incorporate the properties received into its existing and adjoining system to provide better and more economic service.

\* Statistics furnished by SCWC.

Customer Notification

Applicants notified their customers concerning the transfer and exchange of the properties by publication, on various days in the months of December 1979, and January 1980, in several local newspapers which serve the respective service areas. Copies have been received and are in the Commission file on this matter. No customer protest or correspondence has been received.

Rates

Both Park and SCWC will maintain existing rates for customers in those areas and systems acquired. Neither applicant proposes a rate change in this application.

Findings of Fact

1. Applicants entered into a Water System Exchange and Acquisition Agreement on the 20th day of September 1979.
2. The properties to be exchanged between Park and SCWC are the real properties, water-works facilities, rights-of-way, licenses, permits, easements and other rights, water and water rights, and books and records as set forth in Exhibits "A" and "B" to the application.
3. The proposed transfer and exchange of the properties between Park and SCWC would not be adverse to the public interest. There is no known opposition to, or any reason to delay, granting the authority requested.
4. SCWC is assuming Park's obligations as a public utility for water service in the three areas presently served by Park.

5. Park is assuming SCWC's obligations as a public utility for water service in the three areas presently served by SCWC and is also assuming SCWC's present liability for the unrefunded balances of any existing or pending main extension contracts.

It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The application should be granted as set forth in the following order.

2. A public hearing is not necessary.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties authorized to be transferred and exchanged. In issuing this decision, we place Park and SCWC and their shareholders on notice that we do not regard the number of shares outstanding, the total par value of the share, nor the dividends paid as measuring the return they should earn on their investment in plant, and this authorization is not to be construed as a finding of the value of the utilities' stock or property, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1980, Park Water Company and Southern California Water Company may exchange and transfer the water systems (and other assets) referred to in the application in accordance with the terms of the agreement.

2. As a condition of this grant of authority, each company shall assume the public utility obligations of the other within the area served by the water systems being received and shall assume liability for refunds of all existing customer deposits and advances pertaining to the water systems being received, if any. Each company shall send notice of the assumption of liability for refunds to all customers affected.

3. Within ten days after completion of the transfers, each company shall notify the Commission, in writing, of the date of completion and of the assumption of the obligations set forth in paragraph 2 of this order.

4. Each company shall either file a statement adopting the applicable tariffs of the other now on file with this Commission for the systems received, or refile under its own name those tariffs in accordance with the procedures prescribed by General Order No. 96-A. No increase in rates shall be made unless authorized by this Commission.

5. On or before the date of actual transfer, each company shall deliver to the other, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the water systems received.


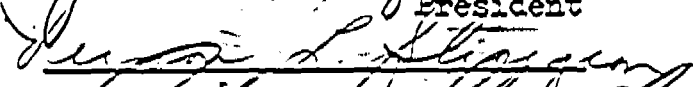

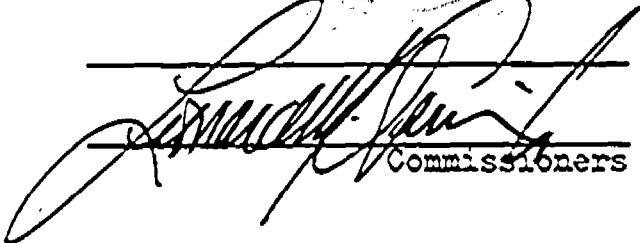
6. On or before the end of the third month after the date of actual transfer, each company shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of the other, insofar as the transferred systems are concerned, for the period commencing with the first day of the current year to and including the effective date of the transfer.

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7. Upon compliance with all of the terms and conditions of this order, each company shall be relieved of its public utility obligations in connection with the water systems which it has transferred.

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

Dated MAR 18 1980, San Francisco, California.

  
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President  
  
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Commissioners

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