

WATER/RSK/FLC/PTL/AAS/jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**DIVISION OF WATER AND AUDITS
Water & Sewer Advisory Branch**

**RESOLUTION NO.W-4723
December 18, 2008**

RESOLUTION

**(RES. W-4723) SAN GABRIEL VALLEY WATER COMPANY (SGVWC).
ORDER AUTHORIZING SALE OF CERTAIN ASSETS TO
CALIFORNIA DEPARTMENT OF TRANSPORTATION.**

SUMMARY

SGVWC filed Advice Letter (AL) 364 on June 30, 2008 for permission to sell a strip of land and a stretch of pipeline and right-of-way to the California Department of Transportation (CALTRANS). The Division of Water and Audits (Division) has investigated this request and recommends approval of the sale.

BACKGROUND

SGVWC is a Class A water utility. SGVWC notified the Division of its pending sale of certain company-owned real property. The sale of the real property is involuntary and arises from the threat or imminence of condemnation. The area of concern in this application is in Baldwin Park, Los Angeles County, California.

NOTICE AND PROTESTS

Notice of the sale was mailed on January 23, 2008. No protests were received.

DISCUSSION

By notice dated July 26, 2007, CALTRANS notified SGVWC of its intent to acquire by eminent domain certain real property consisting of: 1) a 12.5-foot wide strip of landscaped land comprised of 270.4 square meters along the frontage of the company's Plant B25 well site, known as 13032 Bess Avenue in the City of Baldwin Park, California; and 2) 1,900 lineal feet of 25-3/8-inch pipeline and pipeline right-of-way. CALTRANS is taking the property to widen the southerly portion of Interstate 10 Freeway.

While there was a necessity to conclude the sale because of the Notice of Eminent Domain, the parties reached an agreement which avoided that process. This agreement represents an arms-length transaction.

The purchase and sale of assets agreement is dated April 1, 2008. Under this agreement, CALTRANS will pay SGVWC \$ \$174,397 for the 12.5-foot wide strip and will pay SGVWC for the cost of relocating the 1,900 foot pipeline (estimated to be \$912,000). At the present time, the new pipeline has not yet been built, and the pipeline that will be retired is still in service and transporting water.

In order to enable CALTRANS to proceed with its freeway project in a timely manner, this resolution approves the proposed sale to CALTRANS; and defers to a subsequent Commission order the issue of whether the gain on sale is subject to the treatment provided by Public Utilities Code section 790. Accordingly, this resolution directs SGVWC to record the proceeds of the sale in a memorandum account pending further order of the Commission.

Within 60 days of the effective date of this resolution SGVWC shall provide the Division of Water and Audits and the Division of Ratepayer Advocates with documentation showing the recording of the proceeds of the sale in an appropriate memorandum account. SGVWC shall apply for a determination of the appropriate rate-making treatment of the gain on sale in its next General Rate Case.

COMMENTS

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Public Utilities Code § 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. The sale of SGVWC property described in AL 364 to CALTRANS is desired by all parties.
2. The Division has determined that the purchase price is just and reasonable since it includes the cost of replacing the pipeline and was agreed to in an arms-length transaction.
3. To establish its compliance with this resolution, within 60 days of the effective date of this resolution SGVWC should provide the Division of Water and Audits and the Division of Ratepayer Advocates with documentation showing the recording of the proceeds of the sale in an appropriate memorandum account. San Gabriel Valley

Water Company should apply for a determination of the appropriate rate-making treatment of the gain on sale in its next General Rate Case.

4. This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Public Utilities Code § 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

THEREFORE IT IS ORDERED THAT:

1. The request of San Gabriel Valley Water Company to sell certain real property consisting of: 1) a 12.5-foot wide strip of landscaped land comprised of 270.4 square meters along the frontage of the company's Plant B25 well site, known as 13032 Bess Avenue in the City of Baldwin Park, California; and 2) 1,900 lineal feet of 25-3/8-inch pipeline and pipeline right-of-way to California Department of Transportation is granted.
2. San Gabriel Valley Water Company shall record the proceeds of the sale in a memorandum account pending further order of the Commission.
3. Within 60 days of the effective date of this resolution San Gabriel Valley Water Company shall provide the Division of Water and Audits and the Division of Ratepayer Advocates with documentation showing the recording of the proceeds of the sale in an appropriate memorandum account.
4. The issue of the proper ratemaking treatment for the gain on sale of these assets will be determined by a subsequent Commission order. San Gabriel Valley Water Company shall apply for this determination in its next General Rate Case.
5. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California on December 18, 2008; with the following Commissioner voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon
Executive Director

MICHAEL R. PEEVEY
President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

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Commissioners