

LBM

Decision No. 22047

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SPRING VALLEY WATER COMPANY,
a corporation, for authority to sell,
and of CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, for authority
to purchase, the operative properties
of Spring Valley Water Company.

ORIGINAL

Application No. 15313

McCutchen, Olney, Mannon and Greene,
by Warren Olney, Jr. and John O. Moran,
for Spring Valley Water Company.

John J. O'Toole, City Attorney, and Dion R. Holm,
Special Counsel, for the City and County
of San Francisco.

By the Commission:

O P I N I O N

Applicants, Spring Valley Water Company and the City and County of San Francisco, ask that the Railroad Commission make its order authorizing the sale and conveyance of the operative properties of applicant, Spring Valley Water Company, to applicant, City and County of San Francisco, upon the terms set forth in the application, and authorizing applicant, Spring Valley Water Company, to discontinue its business as a public utility water company, upon the sale and conveyance of its operative properties to the City and County of San Francisco.

A public hearing was had on this application before Examiner Fankhauser on January 17, 1930. At such hearing no one appeared to protest the granting of the application.

Applicant, Spring Valley Water Company, is a corporation organized and existing under and by virtue of the laws of the State of California and is engaged as a public utility in supplying water to the public, principally to the City and County of San Francisco and the inhabitants thereof. It owns and maintains operative properties in the City and County of San Francisco and in the Counties of Alameda, San Mateo and Santa Clara. Some of its consumers reside outside the limits of the City and County of San Francisco.

Spring Valley Water Company proposes to sell and convey to the City and County of San Francisco its operative properties as the same are specified in a certain written offer of sale, dated March 2nd, 1928, a copy of which is on file in this proceeding. The sale is to be made upon the terms and for the price specified in the offer save and except that the accounts between the two parties shall be restated so that the unamortized portion of the discount and expense incurred and paid by the Spring Valley Water Company in the sale of its bonds and mentioned in paragraph nine of said offer of sale, shall not be charged in full against the revenue of said Spring Valley Water Company for the period from December 31, 1927 to the date of actual transfer, as provided in said paragraph nine, but shall be so charged as to amortize the same over the period of the actual life of said bonds. The offer of sale has been further modified by extending it to April 1, 1930, with the understanding that if the City and County of San Francisco accepts the offer and purchases the operative properties of the company, the interest on the company's bonds for the period between the regular semi-annual interest payment date next preceding the date of purchase by the

city and the first date after the date of purchase at which the company's bonds can be called for payment shall be prorated between the City and County of San Francisco, as of the date of purchase.

In Exhibit No. 6, Spring Valley Water Company reports that if its operative properties were sold to the City and County of San Francisco as of December 31, 1929, the sale price would be about \$38,994,065.80. John J. Sharon, Secretary and Auditor of Spring Valley Water Company, testified that said price is tentative, because the books of the company had just been closed recently and that possibly some minor adjustments would have to be made in the reported sale price. In addition, the figure will, of course, be subject to further adjustments because it is not contemplated to transfer the properties as of December 31, 1929, but as of March 3, 1930.

It is of record that the acquisition of the operative properties of Spring Valley Water Company by the City and County of San Francisco is essential to the effective and economical realization of the Hetch-Hetchy Water Supply Project, and that upon the sale of the operative properties, the City and County of San Francisco will have the entire control of the present and future water supply to the inhabitants thereof. Under the offer made by the company to the city, the city definitely assumes all obligations legally imposed upon or existing against the water company or its grantors, whereby the water company is, or its grantors were, obligated to supply water to any person or for any purpose. Mr. M.M. O'Shaughnessy, City Engineer for the City and County of San Francisco, testified that if the City and County acquires the operative property of the Spring Valley Water Company, the city will assume

all the contracts the Spring Valley Water Company may have made toward distributing water, and that the City and County of San Francisco would pursue a liberal policy towards consumers who are not residents of the City and County of San Francisco.

ORDER

The Railroad Commission having been asked to enter its order authorizing the Spring Valley Water Company to sell and convey its operative properties, more particularly described in this application, to the City and County of San Francisco, upon the terms set forth in this application, a public hearing having been held and the Commission having considered the evidence submitted, and being of the opinion that the granting of this application is in the public interest, therefore,

IT IS HEREBY ORDERED that Spring Valley Water Company may, on or before April 1, 1930, sell and convey all of its operative properties, more particularly described in the offer filed in this proceeding, to the City and County of San Francisco, said properties to be sold upon the terms and for the price set forth in said offer of March 2, 1928, modified as shown by the record in this proceeding.

IT IS HEREBY FURTHER ORDERED that upon the sale and conveyance of its operative properties to the City and County of San Francisco and upon the filing with the Commission of certified copies of the deeds or other instruments conveying the aforesaid properties to said City and County of San Francisco, Spring Valley Water Company is authorized to discontinue its business as a public utility water company.

