

Decision No. 28284

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BEAR GULCH WATER COMPANY,
a corporation, for (1) order author-
izing sale of certain public utility
properties; and (2) order authoriz-
ing said corporation to discontinue
public utility operations; and the
application of CALIFORNIA WATER
SERVICE COMPANY, a corporation, for:
(1) order authorizing purchase of
certain public utility properties.

ORIGINAL

Application No. 20498

Calkins, Hagar, Hall & Linforth, by John U. Calkins, Jr.,
for Bear Gulch Water Company.
McCutchen, Olney, Mannon & Greene, by John O. Moran,
for California Water Service Company.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Commission is asked to enter its order authorizing the sale and transfer by Bear Gulch Water Company and the purchase by California Water Service Company, of the entire business, properties, assets, franchises and rights of said Bear Gulch Water Company, except bonds and cash, and authorizing Bear Gulch Water Company to discontinue its public utility service.

The Bear Gulch Water Company is engaged in the business of a public utility water company in, and in the vicinity of, Menlo Park, Atherton, Woodside, Woodside Heights and Portola Woods, all in San Mateo County. For 1935 the company reports operating revenues of \$148,755.30. It apportions this to incorporated and unincorporated territory as follows:-

Atherton.....	\$59,256.62
Menlo Park	25,434.30
Unincorporated territory	64,064.38
Total.....	<u>\$148,755.30</u>

The average number of active service connections are for 1935 reported at 2,648.

The California Water Service Company operates public utility water properties in the following localities in the State of California: Redding, Willows, Chico, Oroville, Marysville, Dixon, Port Costa, Martinez (wholesale) Port Chicago (Bay Point), Walnut Creek (wholesale), Concord, Danville, Crockett, Petaluma, South San Francisco, Lomita Park, Hillsborough(Part), San Mateo, San Carlos, Los Altos, Valona, Stockton, Livermore, Bakersfield, Visalia, Hanford, Hermosa Beach, Redondo Beach and Los Angeles(Belvedere district).

California Water Service Company proposes and desires to undertake and carry on the public utility service now rendered by Bear Gulch Water Company upon the same conditions and under the schedule of rates now in effect. At this time it has no intention of connecting the Bear Gulch Water Company water system with any of its presently owned water systems.

From Exhibit C, which is the agreement of sale between applicants, it appears that Bear Gulch Water Company will sell to California Water Service Company all of its properties except (1) government, municipal and corporation bonds; and (2) cash on hand or in bank. The properties, assets and rights sold under the agreement shall be conveyed, transferred and delivered to California Water Service Company free and clear of all liens and encumbrances, debts, liabilities and obligations whatsoever, except current taxes not delinquent, liabilities for consumers' deposits for credit and for extensions to be assumed by California Water Service Company and the obligations of Bear Gulch Water Company under the following contracts:-

1. Lease of Menlo Park premises,expiring July 8,1937.
2. Agreement with Board of Trustees of Stanford University covering water rights and the purchase of water.
3. Agreement with Pacific Gas and Electric Company for electric service to the Gate House at the reservoir, expiring July 6,1937.

4. Agency Agreement with Pacific Gas and Electric Company, subject to termination by thirty days written notice by either party.
5. Agreement with Arthur M. Brown, dated August 14, 1935.
6. Lease of Enten well, expiring April 30, 1936, with option to renew.
7. Agreement with Messrs. Mark A. McCann, M. J. McKeown and E. Donohue for service to Woodside Glens area.

California Water Service Company has agreed to pay \$1,000,000. in cash, subject to the adjustments mentioned in Exhibit C, for the properties of Bear Gulch Water Company. The several adjustments and expenses incident to the sale of the properties may call for an additional expenditure of \$50,000. The purchase price is approximately equal to the rate base used by the Commission in Decision No. 21661 dated October 7, 1929 (Vol. 33, Opinions and Orders of the Railroad Commission of California, page 605) in fixing the company's rates, plus the net cost of additions and betterments to public utility properties during the years 1929 to 1935, both inclusive, less the reserve for accrued depreciation of the Bear Gulch Water Company.

The outstanding stock and bonds of Bear Gulch Water Company are owned by the Regents of the University of California. It is of record that the Regents of the University of California desire to diversify their investments and therefore have concluded to sell the properties of the Bear Gulch Water Company.

O R D E R

The Commission having been asked to enter its order, as indicated in the foregoing opinion, a public hearing having been held on this application before Examiner Fankhauser and the Commission having considered the requests of applicants and being of the opinion that such requests should be granted, therefore,

IT IS HEREBY ORDERED as follows:-

1. Bear Gulch Water Company may, on or before September 1, 1936, sell and transfer its properties, referred to in Exhibit C

- filed in this proceeding, to California Water Service Company, and California Water Service Company may acquire and operate said properties, said sale and transfer to be made under the terms and conditions of said Exhibit C.
2. Upon the acquisition of the properties of Bear Gulch Water Company by California Water Service Company, said Bear Gulch Water Company may discontinue its public utility service.
 3. Within thirty(30) days after acquiring the properties of Bear Gulch Water Company, California Water Service Company shall file with the Railroad Commission a copy of the deed or other instruments of conveyance under which it acquires and holds title to said properties.
 4. That the authority herein granted is subject to the condition that the consideration paid by California Water Service Company for the properties of Bear Gulch Water Company shall not hereafter be urged before this Commission or any other public body as determining the value of said properties for any purpose other than the transfer herein authorized.

DATED at San Francisco, California, this 4th day of May, 1936.

M B Harris
Leon C. Wiley
M J. Linn
William J. Linn
Stuart R. Dyer
Commissioners.