

**ORIGINAL**Decision No. 48801

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the VALENCIA WATER )  
 WORKS and the CENTRAL SANTA CRUZ )  
 COUNTY WATER DISTRICT for Permis- )  
 sion to Lease with an Option to )  
 Purchase the Valencia Water Works )  
 to the Central Santa Cruz County )  
 Water District. )

Application No. 34411

OPINION AND ORDER

Jesse Nicholson and Fern Nicholson, his wife, doing business as Valencia Water Works, supplying water for domestic and fire protection purposes in Valencia and vicinity, near Aptos, Santa Cruz County, ask permission by the above-entitled application to lease to the Central Santa Cruz County Water District, a public corporation, for a term of five years with an option by the latter to purchase the facilities and assets of their water system. The Central Santa Cruz County Water District joins in this application.

The lease purchase agreement, dated April 4, 1953, attached to the application as Exhibit "A" and made a part of this order by reference, describes the property to be transferred and the terms and conditions of the lease with option to purchase. By this agreement the Central Santa Cruz County Water District agrees to pay Valencia Water Works \$25 on the first day of each month for a period of five years which payments are to be applied to an agreed purchase price of \$1,500 for the system. Should the district exercise its option to purchase the system, it is to pay the difference between the monthly rental accumulations then paid and the \$1,500 purchase price. No interest is to be charged.

It is alleged that the water system properties are very old and of inadequate size and would require reconstruction and

substantial extensions in order to provide adequate service to the portion of the district served by it. The district is willing and able to acquire the properties and improve the system.

In the annual report filed for the year of 1952 for this water system, a capital investment of \$6,265 is reported together with expenses of \$694.22 and revenues of \$514. No book depreciation reserve is shown therein. The number of consumers served was reported to be 24.

The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

The Commission having considered the request of applicants and being of the opinion that the agreement to lease with option to purchase will not be adverse to the public interest and that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED that:

1. Jesse Nicholson and Fern Nicholson, his wife, doing business as Valencia Water Works, are hereby authorized to carry out the terms and conditions of the agreement hereinabove referred to.
2. In order that Jesse Nicholson and Fern Nicholson, his wife, doing business as Valencia Water Works, may carry out the terms of said agreement should the district exercise its option to purchase thereunder, Jesse Nicholson and Fern Nicholson, his wife, shall file with this Commission a copy of the instrument of conveyance to the district and upon the filing thereof shall be relieved of all public utility obligations.
3. The authority herein granted shall become effective after Jesse Nicholson and Fern Nicholson, his wife, doing business as Valencia Water Works, shall have filed herein a verified

statement that all deposits which consumers are entitled to have refunded have been so refunded.

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

Dated at San Francisco, California, this 7th day of July, 1953.

R. F. Zimmerman  
President

Harold P. Hulse

Edward L. Mitchell

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Commissioners