

Decision No. 52286

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of CORDOVA WATER COMPANY, a cor- )  
poration, for authorization to )  
transfer, and of NATOMAS WATER )  
COMPANY, a corporation, for )  
authorization to acquire a public )  
utility water system. )

Application No. 37397  
(Amended)

OPINION AND ORDER

By this application filed October 13, 1955, and amended October 20, 1955, Cordova Water Company,<sup>1</sup> a corporation, and Natomas Water Company,<sup>2</sup> a corporation, jointly seek the necessary authorization of the Commission for Seller to sell and transfer to Buyer the public utility water system operated by Seller near Sacramento, Sacramento County; for Seller to be relieved of all public utility obligations in connection with the operation of its water system upon consummation of the proposed sale; and for Buyer to issue a promissory note in the amount of \$100,000.

A certificate of public convenience and necessity to operate a public utility water system was granted to Cordova Water Company by the Commission in its Decision No. 50969, dated January 10, 1955, in Application No. 35640 (2nd and 3rd Supplemental). According to the application the system furnishes water to approximately 400 customers in an unincorporated area of Sacramento County known as Rancho Cordova Subdivision.

The consideration for the proposed transfer is stated to be \$102,920.42, subject to certain adjustments, and is to be payable in

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1 Sometimes herein called Seller.  
2 Sometimes herein called Buyer.

cash on the closing date. The terms of the sale and transfer are set forth in the amendment to the application and the agreement, dated October 13, 1955, which agreement is attached to the application as Exhibit C.

The balance sheet of Cordova Water Company as of May 31, 1955, attached to the application as Exhibit A, shows the total utility plant to be \$76,711.42 and the reserve for depreciation to be \$1,748.11, indicating a depreciated plant of \$74,963.31. However, it is reported in Exhibit D attached to the application that as of October 1, 1955, the original cost of the properties to be transferred was \$105,542.72 and the reserve for depreciation was \$2,622.31, indicating a depreciated fixed capital of \$102,920.42.

In the amendment to the application, the Buyer seeks permission to issue its promissory note in the principal amount of \$100,000 in order to obtain funds to meet the purchase price. The note is to be executed substantially in the form shown on Exhibit E attached to the amendment. The terms of said note provide for payment on or before 15 years after date, and for interest at 3 per cent per annum until the principal sum is paid.

The order herein will authorize the applicant Natomas Water Company to issue its promissory note in the amount of \$100,000, to be used for the purchase of the system hereinabove described and for no other purpose.

The reasons given for the proposed transfer are that Seller desires to retire from active ownership and management of the water system and that Buyer anticipates that operation and management can be profitably performed in conjunction with the operation of its present system which is located nearby.

It is also stated that Buyer has a firm and guaranteed supply of water and will provide such water as may be necessary to

to serve all present and prospective customers at rates for service now in effect.

As Buyer's present Folsom system is not more than 10 miles distant from the Cordova system and the two systems are to be operated under the same management, it does not appear necessary for Buyer to maintain on file separate tariff schedules for the system to be acquired herein and it appears that the rules now on file for the two systems are substantially the same. Therefore, the order which follows will authorize and direct Buyer to apply the rules on file for its Folsom system to the service area to be transferred herein and to refile rates now on file for Cordova Water Company as a part of Buyer's Folsom tariff schedules and to revise its presently filed tariff schedules for the Folsom system to include the rates for the Cordova tariff area.

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

The Commission having considered the above-entitled application and being of the opinion that a public hearing is not necessary, that the proposed transfer will not be adverse to the public interest, that any increase in charges which may result from the application of Buyer's Folsom water system rules in the service area hereinafter authorized to be transferred are justified,

IT IS HEREBY FOUND AS A FACT that the money, property, or labor to be procured or paid for by the funds derived from the issuance of a promissory note for \$100,000 hereinafter authorized, is reasonably required by Natomas Water Company for the purpose herein stated, which purpose is not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided; therefore,

IT IS HEREBY ORDERED that:

1. Cordova Water Company, a corporation, may, on or after the effective date hereof and on or before March 31, 1956, sell and transfer the herein described public utility properties to Natomas Water Company, a corporation, substantially in accordance with the proposed agreement of said parties attached to the application as Exhibit C.
2. Natomas Water Company, on and after the date of actual transfer, is authorized and directed to charge in the service area acquired under the authorization herein granted the rates presently being charged by Cordova Water Company and to apply in said service area its own rules which now are on file with the Commission for its Folsom water system.
3. Natomas Water Company, if it acquires the hereinabove described properties, shall file the rates authorized herein and shall revise its presently effective tariff schedules for its Folsom water system to provide for the application of its rules and said rates in the service area being acquired herein, together with a revised tariff service area map, all in accordance with the procedures prescribed by General Order No. 96. Such rates, revised tariff sheets and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
4. Natomas Water Company, after the effective date hereof and on or before March 31, 1956, may issue its promissory note in the principal amount of \$100,000 substantially in the form shown in Exhibit E attached to the application, for the properties and purpose described in the foregoing opinion. Natomas Water Company shall file with the Commission monthly reports, as required by General Order No. 24-A, which order, in so far as applicable, is hereby made a part of this order.
5. On or before the date of actual transfer, Cordova Water Company shall refund all customers' deposits and customers' advances for construction which customers are entitled to have refunded. Any un-refunded deposits and advances shall be transferred to and become the obligation for refund of Natomas Water Company.
6. On or before the date of actual transfer, Cordova Water Company shall transfer and deliver to Natomas Water Company and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the properties of Cordova Water Company.

- 7. If the authority herein granted is exercised, Cordova Water Company shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized and of its compliance with the conditions hereof.
- 8. Upon due compliance with all the conditions of this order, said Cordova Water Company shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

The authority herein granted to issue a note will become effective when Buyer has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$100. In other respects, the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 29<sup>th</sup> day of November, 1955.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners

