

**ORIGINAL**Decision No. 53279

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DEL PASO WATER )  
 COMPANY, INC., a corporation, )  
 and the DEL PASO MANOR COUNTY )  
 WATER DISTRICT for permission )  
 to sell the physical assets of )  
 the DEL PASO WATER COMPANY, INC., )  
 to the DEL PASO MANOR COUNTY )  
 WATER DISTRICT. )

Application No. 37939

OPINION AND ORDER

Del Paso Water Company, Inc.,<sup>1</sup> a corporation, by application filed April 17, 1956, seeks authority from this Commission to sell its physical assets to Del Paso Manor County Water District,<sup>2</sup> which joins in the application. The terms and conditions of the sale are set forth in the Contract of Purchase, dated January 20, 1956, a copy of which is attached to the application as Exhibit "A".

Under the terms of the contract the Company proposes to sell to the District its water system properties described therein for the sum of \$303,000 plus the cost of such capital additions and improvements as have been made by the Company subsequent to May 1, 1955. The purchase price is to be paid from the proceeds from the sale of bonds authorized by the voters of the District at an election held on February 28, 1956.

The Company was granted a certificate of public convenience and necessity by this Commission by Decision No. 41360<sup>3</sup>

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- <sup>1</sup> - Sometimes herein called Company. (Located in Sacramento County) ✓  
<sup>2</sup> - Sometimes herein called District. (Located in Sacramento County) ✓  
<sup>3</sup> - By this decision the certificate was granted to Del Paso Water Co., a corporation. Counsel for applicant has advised the Commission by letter that the name of applicant was inadvertently stated herein as Del Paso Water Company, Inc., instead of the actual corporate name Del Paso Water Co.

issued March 23, 1948, in Application No. 28698. It is stated in the application that the service area of the Company lies entirely within the boundaries of the district.

The balance sheet of the Company as of February 29, 1956, attached to the application as Exhibit "B", shows utility plant of \$332,319.47 and reserve for depreciation of \$45,847.93, thus indicating a depreciated utility plant of \$286,471.54 for the water system properties to be transferred herein.

The Company's balance sheet included in its annual report to the Commission as of December 31, 1955, shows the total utility plant and reserve for depreciation of \$324,028.52 and \$44,748.89, thus indicating a depreciated utility plant of \$279,279.63.

It is stated in the application that as of the date the application was prepared there were no contracts for customers' advances for construction nor any customers' deposits outstanding.

Authority for the transfer is stated to be sought for the reasons that the Company's water system requires extensive additions and improvements to adequately serve the area, and the bonds approved by the voters of the District will provide the funds necessary for the required construction.

It is noted in the hereinabove mentioned Contract of Purchase that the terms of numbered paragraph 3 thereof provide that the Company agrees to sell, and the District agrees to purchase, all of the capital additions and improvements to said water system made by the Company at a price to be agreed upon in a written amendment to the contract to be executed at the time of establishing the hereinafter mentioned escrow.

It is inappropriate for the Commission to approve the terms of an amendment to a contract which are not presently available to the Commission. Authorization of such procedure as outlined

in paragraph 3 of the contract will be specifically withheld from the authorization herein granted.

Further, another provision of this same paragraph 3 of the Contract of Purchase requires that "No capital additions or improvements shall be made to said water system by Company after the execution of this contract \*\*\* without first obtaining the written consent of the president of District". Such a provision is in direct conflict with the Company's public utility obligation. Consequently, it shall be understood by applicant that the utility is under obligation to provide adequate service, where proper application has been made, and to install new services and main extensions under the provisions of its filed tariffs, and the transfer authorized herein shall not be construed to restrict up to the date of actual transfer, the additions and improvements required for the Company to fulfill its public utility obligations.

It is also noted that the provisions of paragraph 12 of the hereinabove mentioned Contract of Purchase appear to be nonutility in nature. Consequently, the authorization herein granted will specifically exclude approval of the provisions of this paragraph of the contract.

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

The Commission having considered the above-entitled application and being of the opinion that the proposed transfer will not be adverse to the public interest, that a public hearing is not necessary, and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows that:

1. Del Paso Water Co., a corporation, may, on or after the effective date hereof and on or before November 30, 1956, sell and transfer its public

utility properties to Del Paso Manor County Water District substantially in accordance with the Contract of Purchase included in the application as Exhibit "A", except that numbered paragraph 3, relative to the approval of an amendment to be executed in the future and the provision requiring the utility to obtain written consent before making improvements, and numbered paragraph 12, containing the provision which appears to be nonutility in nature, are all specifically excluded from the authority herein granted.

2. On or before the date of actual transfer, Del Paso Water Co. shall refund all customers' deposits which customers are entitled to have refunded, and within thirty days thereafter shall notify this Commission in writing of the completion of such refunding.
3. Del Paso Water Co. shall, within thirty days after the date of actual transfer, file with this Commission a verified statement showing all obligations to make refunds of customers' advances for construction, if any, the amounts thereof, and the names of persons or corporations in whose favor such obligations exist as of the date of transfer.
4. If the authority herein granted is exercised, Del Paso Water Co. 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.
5. Upon due compliance with all of the conditions of this order, said Del Paso Water Co. shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the water system herein authorized to be transferred.

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

Dated at San Francisco, California, this 76<sup>th</sup> day of January, 1956.

E. Mitchell  
 President  
Justice J. Calver  
Donald L. Luten  
William H. Dool  
 Commissioners