

ORIGINALDecision No. 53942

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 J. Elliott Fox and Joseph W. Fox,
 copartners, doing business under
 the fictitious firm name and style
 of Ridgecrest Water Supply to sell,
 and Ridgecrest County Water District,
 a public corporation, to purchase a
 water supply, storage and distribution
 system under the provisions of Section
 841 of the Public Utilities Code of
 the State of California.

Application No. 38477

OPINION AND ORDER

J. Elliott Fox and Joseph W. Fox, copartners, doing
 business as Ridgecrest Water Company,¹ by application filed
 October 4, 1956, seek authority from this Commission to sell the
 physical assets of their public utility water system and other
 assets appurtenant thereto to Ridgecrest County Water District,²
 which joins in the application.

Under the terms of the Contract of Purchase, dated
 July 13, 1955, a copy of which is attached to the application as
 Exhibit "D", copartners propose to sell to District their water
 system properties described in said contract for the sum of
 \$185,000 plus the cost of capital improvements made by copartners
 in accordance with their public utility obligation. The contract
 further provides that in the event copartners elect to have District
 assume their obligations for refund on existing contracts for advances
 for construction, the unpaid balances thereof shall be deducted from

1 Sometimes herein called Copartners.

2 Sometimes herein called District.

the purchase price. The purchase price is to be paid from the proceeds of bonds issued by District.

Copartners were granted a certificate of public convenience and necessity to operate a public utility water system by this Commission by its Decision No. 40401, issued June 10, 1947, in Application No. 28138. Water is furnished by them to approximately 900 customers for residential and fire protection purposes in the unincorporated community of Ridgecrest, Kern County.

The balance sheet of Copartners, dated June 30, 1956, attached to the application as Exhibit "E", shows the total utility plant to be \$211,614.95, and a reserve for depreciation of \$50,267.90, thus indicating a depreciated utility plant of \$161,347.05 for the water system properties proposed to be transferred.

District is a political subdivision of the State of California and its boundaries completely embrace the area served by Copartners.

Authority for the transfer is stated to be sought for the reason that District is in process of constructing an integrated water system that will be capable of serving all of the present and potential customers within its boundaries.

It is noted in the above-mentioned Contract of Purchase that the terms thereof provide that Copartners shall remain liable for all customer's deposits with them and all obligations for advances for construction unless they elect to have District assume such obligations.

However, it nowhere appears in the Contract of Purchase that District will be obligated to make such refunds. In the event Copartners decide to have District assume these obligations,

appropriate instruments should be executed providing for District's assumption of the obligations for refund of such deposits and advances for construction and the order which follows will so provide.

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 that:

1. J. Elliott Fox and Joseph W. Fox, copartners, may, on or after the effective date hereof, and on or before March 31, 1957, sell and transfer the herein described public utility water properties to Ridgecrest County Water District pursuant to the Contract of Purchase included in the application as Exhibit "D".

The foregoing authority is conditioned upon the following:

- a. On or before the date of actual transfer, J. Elliott Fox and Joseph W. Fox, copartners, shall refund all 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. Or, in the event J. Elliott Fox and Joseph W. Fox, copartners, shall elect to have Ridgecrest County Water District assume the obligation for refund of such deposits pursuant to the provisions of paragraph 9 of Exhibit "D" attached to the application, they shall, on or before the date of actual transfer, file with this Commission certified copies of instruments acceptable to the Commission which provide for the assumption by Ridgecrest County Water District of the obligation to refund said deposits.
- b. J. Elliott Fox and Joseph W. Fox, copartners, and Ridgecrest County Water District shall on or before the date of actual transfer, file with this Commission a verified statement showing that Ridgecrest County Water District assumes the and all obligations for refund of such

advances for construction pursuant to the provisions of paragraph 13 of Exhibit "D" attached to the application, and they shall, within thirty days after the date of actual transfer, file with this Commission certified copies of instruments showing the names and addresses of all persons or corporations in whose favor such obligations exist and the respective amounts thereof.

- 2. If the authority herein granted is exercised, J. Elliott Fox and Joseph W. Fox, copartners, shall within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized, and of their compliance with the conditions hereof.
- 3. Upon due compliance with all of the conditions of this order, said J. Elliott Fox and Joseph W. Fox, copartners, 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.

In view of the allegations of District that it has issued and sold its bonds for the purpose of acquiring the subject water system properties, that interest payments are currently being made by it on said bonds, that there will be no revenue becoming available to the District to offset its interest payments on the bonds issued until the transfer of said properties has been made, and that a construction program contemplating extensive work has been authorized for the entire area to be served by it, which construction work is now ready to be commenced, the authority being granted herein shall be effective on the date hereof.

Dated at San Francisco, California, this 16th day of October, 1956.

E. J. Mitchell
 President
James F. Calver
Paul J. Erlinger
William J. Deal
W. H. H. G.
 Commissioners