

Decision No. 54139**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 GEORGETOWN DIVIDE WATER COMPANY, LTD., )  
 a corporation, for authority to carry )  
 out the terms of a lease agreement )  
 with Georgetown Divide Public Utility )  
 District. )

Application No. 38152

OPINION AND ORDER

Georgetown Divide Water Company, Ltd., a corporation,<sup>1</sup> by application filed on June 18, 1956, seeks authority from this Commission to carry out the terms and conditions of an agreement dated June 2, 1952 providing for the lease of its public utility water system to Georgetown Divide Public Utility District.<sup>2</sup> A copy of the said agreement, entitled "Lease", is attached to the application as Exhibit "A".

The lease agreement provides that Georgetown will grant to District the right to operate and maintain the public utility water system owned by Georgetown, and that District will furnish public utility water service to all of Georgetown's customers. Further, the lease provides that it shall be effective from June 1, 1952 to May 2, 1954, with provision for extension for an additional 10 years as well as conditions under which it may be terminated.

According to the application, authority to enter into the lease agreement was not previously requested due to misunderstanding and disagreement between the parties. Georgetown believed that under the terms of the lease agreement District had agreed to file an application requesting the necessary Commission authority.

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<sup>1</sup> Sometimes herein called Georgetown.

<sup>2</sup> Sometimes herein called District.

The application herein has not been signed by District in compliance with Rule 27 of the Commission's Rules of Procedure which requires the signatures of all parties to the transaction. The Commission has recently been informed by letter that District's counsel did not realize that such signature was required. However, District's counsel has pointed out that acceptance of the contractual arrangement is indicated by the performance of its terms since it was entered into on June 2, 1952. Under the circumstances the signing of the application by District will not be required.

Consideration for the lease of Georgetown's properties is stated to be the amount of the annual fixed charges of the water system, but not to exceed \$1,500 per year.

The reasons given for entering into this lease agreement are that Georgetown's water system requires considerable reconstruction and repairs in order to provide adequate water service and that water users of District are of the opinion that costs of water service could be reduced under operation by District.

Two additional agreements which relate to the transaction between Georgetown and District have been entered into by the parties or groups of individuals allied with them. A copy of each agreement is attached to the application for the Commission's information. One of such agreements, entered into by the stockholders of Georgetown and a committee of residents of District under date of June 2, 1952, sets forth the terms and procedures under which the properties of Georgetown may eventually be acquired by District. The second agreement, dated June 4, 1952, provides for the cancellation of the subject lease and the above-mentioned agreement of June 2, 1952, under which a transfer may be effected, if certain conditions are not met. With respect to the two additional agreements, it is to be understood that they are not included within the authorization granted by the order herein, nor is the order to be construed as granting

authorization for the sale and transfer of the public utility properties of Georgetown.

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

The Commission having considered the above-entitled application and being of the opinion that the proposed lease of applicant's properties 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. Georgetown Divide Water Company, Ltd., a corporation, after the effective date hereof and on or before June 30, 1957, is authorized to carry out the terms and conditions of the lease agreement with Georgetown Divide Public Utility District substantially in accordance with the copy of the said agreement which is attached to the application as Exhibit "A".

2. Georgetown Divide Water Company, Ltd., shall, within fifteen days thereafter, notify this Commission in writing of the date of termination of the agreement hereinabove referred to.

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

Dated at San Francisco, California, this 27<sup>th</sup> day of November, 1956.

[Signature]  
 President

[Signature]

[Signature]

[Signature]

[Signature]  
 Commissioners