

Decision No. 54140

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of the HACIENDA WATER COMPANY, a )  
California corporation, for per- )  
mission and authorization to sell )  
all of the company's distribu- )  
tions, lines, equipment and )  
facilities to the City of Napa, )  
pursuant to the provisions of )  
Sections 851-853 of the Public )  
Utilities Code of the State of )  
California. )

Application No. 38520

OPINION AND ORDER

By this application filed October 17, 1956, Hacienda Water Company,<sup>1</sup> a corporation, seeks authority from this Commission to sell the physical assets of its public utility water system to City of Napa,<sup>2</sup> a municipal corporation, which joins in the application.

Under the terms of the agreement, "Option for Sale of Hacienda Water Company", dated April 5, 1956, a copy of which is attached to the application as Exhibit "A", Seller proposes to sell to City for the sum of \$440,000 its water system assets consisting of utility plant, rights of way, easements and real estate. The purchase price is to be adjusted for materials and supplies, cost of additional assets installed, and advances for construction refunded prior to the date of final payment of the purchase price.

Seller was granted a certificate of public convenience and necessity to construct and operate a public utility water system by this Commission by its Decision No. 46090, issued August 14, 1951 in —

---

1 Sometimes herein called Seller.  
2 Sometimes herein called City.

Application No. 32338. Water for domestic and fire protection purposes is furnished by Seller to approximately 970 customers in an unincorporated area known as Brown's Valley lying outside the City of Napa, Napa County.

It is stated in the application that customers of Seller will in no way be prejudiced by the sale to City and that City proposes to continue service to all of Seller's customers at the same rates now being charged.

It is noted in the above-mentioned agreement for sale that the terms thereof provide in paragraph 7 that City is to assume the obligation for refund of outstanding customer's advances for construction as follows:

- "7. That the City shall assume the obligation of Seller for pay back from revenue to subdividers who have contracted with Seller for reimbursement of cost of installing water distribution systems in subdivisions. In the event of any suits filed against the said Seller either in law or equity by third persons, the City agrees to defend the said Seller in said actions."

The balance sheet of Seller, dated June 30, 1956, attached to the application as Exhibit "B", shows the total utility plant in service to be \$336,549.26 and a reserve for depreciation of \$31,891.43, thus indicating a depreciated utility plant of \$304,657.83 for the water system properties proposed to be transferred.

Seller's annual report to the Commission for the year 1955 indicates that there are no funds on deposit with the utility which customers are entitled to have refunded.

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 a public hearing is not necessary, that the proposed transfer will not be adverse to the public interest, and that the request of the applicant should be granted; therefore,

IT IS HEREBY ORDERED that:

1. Hacienda Water Company, a corporation, may, on or after the effective date hereof and on or before May 31, 1957, sell and transfer its public utility properties to City of Napa substantially in accordance with the terms of the agreement entitled "Option for sale of Hacienda Water Company", Exhibit "A" attached to the application.

2.a. On or before the date of actual transfer, Hacienda Water Company shall refund all customers' deposits which customers are entitled to have refunded, if any, and within thirty days thereafter shall notify this Commission in writing of the completion of such refunding.

b. Hacienda Water Company shall, prior to the date of actual transfer, file with this Commission a verified statement showing all obligations to make refund of advances for construction, the amounts thereof and the names of persons or corporations in whose favor such obligations exist. A copy of such statement shall be served by said party upon the City of Napa prior to the time of filing said statement with the Commission and proof of service shall be filed with said statement. Upon the actual transfer of the public utility properties herein concerned, the lawful obligation to make each and every refund of advances for construction shall devolve upon the City of Napa pursuant to paragraph 7 of Exhibit "A" attached to the application, under which the transfer authorized herein is being effected.

3. If the authority herein granted is exercised, Hacienda 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.

4. Upon due compliance with all of the conditions of this order, Hacienda 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 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