

ORIGINAL

Decision No. 54955

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SATICOY WATER COMPANY for)
authority to sell a portion of)
its utility property.)

Application No. 38964
(Amended)

OPINION AND ORDER

Saticoy Water Company,¹ a corporation, by application filed on April 5, 1957 and amended on May 1, 1957, seeks authority from this Commission to sell a portion of the physical assets of its water system to City of San Buenaventura,² a municipal corporation, and to carry out the terms of an agreement for the sale of water to said City, which joins in the application. The description of the physical properties to be sold, and the terms and conditions of the sale, together with the terms and conditions under which Saticoy proposes to sell water to City, are set forth in the instrument entitled "Contract-Sale of Water System," dated February 28, 1957, a copy of which is attached to the application as Exhibit "A".

Under the terms of the contract, Saticoy proposes to sell to City its water system properties described therein for the sum of \$110,000, which is to be paid in cash. As a further consideration, the contract provides that upon its execution, and submission to and approval by this Commission, Saticoy shall have been deemed to have

1 Sometimes herein called Saticoy.
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entered into a contract with City for the sale of water at a rate of \$25 per acre-foot at a rate of flow not to exceed 50 miner's inches.³ The minimum monthly charge is to be based upon 12 acre-feet.

From a review of the Commission's files it is apparent that Saticoy has been in existence since prior to 1912, and has never applied for or been granted a certificate of public convenience and necessity to operate a public utility water system.

It is stated in the contract above mentioned that upon consummation of the contract City will assume the full obligation to supply water to all customers located within the area presently being furnished service by Saticoy from the properties which are to be transferred.

Saticoy agrees to refund all customer deposits and to refund all amounts which may become payable under advances for construction contracts applicable to the properties to be transferred.

A document entitled "Statement of Costs of Materials in Proposed Sale", a copy of which is attached to the application as Exhibit "B", shows the original cost of utility plant to be \$112,984.02 and a corresponding reserve for depreciation of \$12,936.58, thus indicating a depreciated cost as of April 30, 1957, amounting to \$100,047.44 for the water system properties proposed to be transferred.

The reasons given for the proposed transfer are that City desires to extend its municipal water system facilities in the area proposed to be acquired by it, this area being entirely within the city or surrounded by it; and that the cash proceeds to be received

³ The miner's inch, not having been defined in the agreement, has been assumed to be a rate of flow of 1/50 of a cubic foot per second which corresponds to the rate of flow used in a contract previously executed by Saticoy.

by Saticoy from the sale of its properties are urgently needed by it to meet its obligations and for the improvement of the remainder of its system.

Saticoy, with reference to the complaint filed against it by Montalbo Civic Improvement Association, Case No. 5884, alleges that the sale of the portion of its system to City, for which it herein seeks authorization, will not have an adverse effect upon the availability of water to the Montalbo area. It further alleges that the problem in the Montalbo area is due to inadequate reservoir capacity and that an adequate reservoir is contemplated therefor, which reservoir is estimated to cost \$40,000. Further, that the funds made available from the sale requested in this application will make it possible to undertake immediate installation of the subject reservoir.

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 of properties and sale of water under the conditions and rates proposed are reasonable, and so finds, and that such sale and transfer of properties and sale of water 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. Saticoy Water Company, a corporation, may on or after the effective date hereof and on or before December 31, 1957, sell and transfer to the City of San Buenaventura that portion of its public utility properties within the area described in the application, and deliver water to the City of San Buenaventura, substantially

in accordance with the terms of the contract, a copy of which is attached to the application as Exhibit "A".

2. Saticoy Water Company, if it exercises the authority herein granted to transfer certain of its properties, shall revise its presently effective tariff schedules, including tariff service area map, to reflect the property transfer herein authorized, in accordance with the procedures prescribed by General Order No. 96. Such 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.

3. On or before the date of actual transfer, Saticoy Water Company shall refund all deposits which customers in the area to be transferred are entitled to have refunded, and within thirty days thereafter shall notify this Commission in writing of the completion of such refunding.

4. Saticoy Water Company 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 in connection with the properties to be transferred, the amounts thereof, and the names of persons or corporations in whose favor such obligations exist.

5. If the authority herein granted is exercised, Saticoy 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 terms hereof.

6. Upon the City of San Buenaventura making available water service to the customers presently served from the facilities sought to be transferred herein, and upon due compliance with all the conditions of this order, said Saticoy Water Company, a corporation,

shall stand relieved of all public utility obligations and liabilities in connection with the operation of the portion of the water system herein authorized to be transferred.

7. The accounting by Saticoy Water Company for the sale of the properties as herein authorized shall be as provided for in the Uniform System of Accounts for Class A, B and C Water Utilities.

8.a. Saticoy Water Company shall file with this Commission within thirty days after the effective date of this order, two certified copies of the contract as executed and which contract provides for the delivery of water to the City of San Buenaventura together with a statement of the date on which the contract is deemed to have become effective.

b. Saticoy Water Company shall notify this Commission in writing of the date of termination of its contract to deliver water to the City of San Buenaventura within thirty days thereafter.

In view of the allegations of Saticoy Water Company that it urgently needs funds to improve its water system and to meet its obligations including a short-term note due on June 1, 1957, and it having no other funds available for these purposes, good cause appearing, therefore, the authority being granted herein shall be effective on the date hereof.

Dated at San Francisco, California, this 7th day of MAY, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners