

**ORIGINAL**Decision No. 55551

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 ARVIN WATER COMPANY, a corporation, )  
 and ARVIN COMMUNITY SERVICES DISTRICT, )  
 a public district, to purchase a ) Application No. 39247  
 water supply, storage and distribution )  
 system under the provisions of )  
 Section 851 of the Public Utilities )  
 Code of the State of California. )

OPINION AND ORDER

Arvin Water Company<sup>1/</sup>, a corporation, by application filed July 19, 1957, seeks authority from this Commission to sell the real and personal properties comprising its public utility water system to Arvin Community Services District<sup>2/</sup>, which joins in the application.

Under the terms of the instrument entitled "Contract of Purchase", dated March 15, 1957, a copy of which is attached to the application as Exhibit "C", Company proposes to sell to District the water system properties described in said contract for the sum of \$250,000, plus cost of capital improvements made by Company subsequent to March 15, 1957 in accordance with its public utility obligation. The contract further provides that in the event Company elects to have District assume its obligations for refund on existing contracts for advances for construction, the unpaid balances thereof shall be deducted from the purchase price. The purchase price is to be paid from the proceeds of bonds voted by District.

The water system operated by Company was established in 1920 and was then known as Stockton Water Works. In 1927 the

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<sup>1/</sup> Sometimes herein called Company.  
<sup>2/</sup> Sometimes herein called District.

Commission, in Decision No. 18251, granted a certificate of public convenience and necessity to the owners of the system. Arvin Water Company was incorporated on February 28, 1938, and the transfer of the certificate to Company was authorized by Decision No. 31221, dated August 11, 1938. Water service for domestic, commercial and fire protection purposes is furnished to approximately 1,240 customers in the Town of Arvin, Kern County.

Company's annual report to the Commission for the year ending December 31, 1956, shows total utility plant amounting to \$264,266.06, with a depreciation reserve of \$77,547.61, indicating a depreciated utility plant of \$186,718.45 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 Company.

Authority for the transfer is stated to be sought for the reason that the proposed sale is in the best interest of the water users in the area and that the resultant consolidation of service would effect a more economical, efficient and satisfactory service.

It is noted in the above-mentioned contract that the terms thereof provide that Company shall remain liable for all customers' deposits with it and all obligations for advances for construction, unless it elects to have District assume such obligations.

However, it nowhere appears in the contract that District will be obligated to make such refunds. In the event Company decides 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. Arvin Water Company, a corporation, may, on or after the effective date hereof and on or before March 31, 1958, sell and transfer the herein described public utility properties to Arvin Community Services District, pursuant to the Contract of Purchase included in the application as Exhibit "C". The foregoing authority is conditional upon the following:

- a. On or before the date of actual transfer, Arvin Water Company 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 the parties elect to have Arvin Community Services District assume the obligation for refund of such deposits pursuant to the provisions of paragraph 9 of Exhibit "C" 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 showing the assumption by Arvin Community Services District of the obligation to refund such deposits.

- b. Arvin Water Company and Arvin Community Services District shall, on or before the date of actual transfer, file with this Commission a verified statement showing that Arvin Community Services District assumes all obligations for refund of such advances for construction pursuant to the provisions of paragraph 13 of Exhibit "C", attached to the application, and 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.
- c. The foregoing requirements of (a) and (b) of paragraph 1 hereof constitute conditions of the authority herein granted.

2. If the authority herein granted is exercised, Arvin 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 thereof.

3. That upon due compliance with the conditions of this order, Arvin Water Company shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the water system properties 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 11th day of SEPTEMBER, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

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Commissioners