

Decision No. 55583

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ROBERT M. SIMPSON and ELVERA V.)
SIMPSON, d.b.a. CALWA CITY WATER)
COMPANY, and the CALWA COUNTY WATER)
DISTRICT for permission to sell the)
physical assets of the CALWA CITY)
WATER COMPANY to the CALWA COUNTY)
WATER DISTRICT.)

Application No. 39290

OPINION AND ORDER

By this application, filed August 1, 1957, Robert M. Simpson and Elvera V. Simpson, ^{1/} doing business as Calwa City Water Company, seek authority to sell the physical assets of their public utility water system to the Calwa County Water District, ^{2/} which joins in the application.

Sellers acquired the subject water system by authority of this Commission's Decision No. 39187, issued July 9, 1946, in Application No. 27609, and since then have owned and operated it as a public utility in the unincorporated area of Calwa, Fresno County. The operations of this water system were commenced in 1911 and no certificate of public convenience and necessity to operate the public utility water system has ever been requested from or issued by this Commission.

The utility's annual report to the Commission for the year ending December 31, 1956, shows total utility plant of \$155,625.35, with a reserve for depreciation of \$37,586.52, thus indicating a depreciated utility plant of \$118,038.83.

The terms and agreements under which the properties are to be transferred are set forth in instruments entitled "Contract of

^{1/} Sometimes herein called Sellers.
^{2/} Sometimes herein called District.

Purchase," a copy of which is attached to the application as Exhibit A, and "Agreement for Modification of Contract of Purchase," a copy of which is attached to the application as Exhibit B.

The contract, as modified, provides that the transfer price of the assets which were part of the water system on June 1, 1956, is to be \$163,744.00 in cash. The price of additions since that date is to be based upon the installed cost, less reasonable depreciation.

The contract, as amended, further provides that the sale of the system is to be made free and clear of contracts for consumers' advances and reimbursements. Sellers are to deposit in trust a sum sufficient to refund when due and payable such advances in existence on June 1, 1956. District agrees to assume the obligation for refund, and to deduct from the price to be paid to Sellers, all consumers' advances and contracts for reimbursements made by the utility after June 1, 1956. The order which follows will require Sellers to deposit in trust the sum which represents the total amount of contracts for consumers' advances and reimbursements which have been entered into by Sellers on or prior to June 1, 1956.

The application states that the service area of Sellers' system is entirely within the boundaries of District.

The reasons given for the proposed transfer are that Sellers' system would require reconstruction and substantial extensions in order to provide an adequate supply of water for domestic and fire protection purposes. The voters of District have approved revenue bonds in the amount of \$350,000 for the purpose of providing funds with which to acquire Sellers' system and to reconstruct and extend it.

The action taken herein shall not be construed as a finding of 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. Robert M. Simpson and Elvera V. Simpson, doing business as Calwa City Water Company, 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 Calwa County Water District substantially in accordance with the terms of the instruments entitled "Contract of Purchase" and "Agreement for Modification of Contract of Purchase," a copy of each of which is attached to the application.

The foregoing authority is conditioned upon the following:

- a. On or before the date of actual transfer, Robert M. Simpson and Elvera V. Simpson shall refund all customers' deposits which Sellers are obligated to refund, and within thirty days thereafter, Sellers shall notify this Commission in writing of the completion of such refunding.
- b. On or before the date of actual transfer, Robert M. Simpson and Elvera V. Simpson shall deposit with a trust company, lawfully engaged in the business of administering trust funds, the sum which represents the total amount of contracts for consumers' advances and reimbursements which have been entered into on or prior to June 1, 1956. From said sum shall be paid the refunds which may become due under the terms of said contracts. Within fifteen days after depositing said sum, Robert M. Simpson and Elvera V. Simpson shall file with this Commission a verified statement showing that the above-mentioned deposit has been made, the name and address of the trustee with whom the amount was deposited, and the names and addresses of all persons or corporations in whose favor such obligations for advances for construction exist and the respective amounts thereof.

c. Robert M. Simpson and Elvera V. Simpson shall, within fifteen days after the date of actual transfer, file with this Commission a statement verified by Calwa County Water District showing that District assumes the obligation to refund all advances for construction made after June 1, 1956, and outstanding at the time of transfer, including the names and addresses of all persons or corporations in whose favor such obligations for advances for construction exist and the respective amounts thereof.

2. If the authority herein granted is exercised, Robert M. Simpson and Elvera V. Simpson 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.

3. Upon due compliance with the conditions of this order, Robert M. Simpson and Elvera V. Simpson 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 Los Angeles, California, this 24th day of September, 1957.

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