

ORIGINAL

Decision No. 55849

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA WATER SERVICE COMPANY, a)
corporation, for an order authorizing)
(1) the sale and transfer to the City)
of Hanford of the water system of)
Applicant in Kings County known as its)
Hanford District Water System, and (2))
the discontinuance of service by Appli-)
cant in the territory in Kings County)
now served by its Hanford District)
Water System.)

Application No. 39460

OPINION AND ORDER

California Water Service Company,^{1/}a corporation, by application filed October 8, 1957, seeks authority from this Commission to sell and transfer its public utility water system properties operated by it as its Hanford District, which serves the City of Hanford and vicinity, Kings County, to City of Hanford,^{2/} which joins in the application.

Under the terms of the instrument between the parties, entitled "Agreement for Sale of Hanford District Water System," executed September 30, 1957, a copy of which is attached to the application as Exhibit B, Company proposes to sell to City its water system properties described therein for the sum of \$1,900,000, which is to be adjusted, as of the closing date, for certain expenditures which may be made by Company after the date of the agreement.

Further, under the agreement, Company is to pay to City the sum of the balances of advances for construction and customers' deposits to establish credit which are subject to refund by Company,

1/ Sometimes herein called Company.

2/ Sometimes herein called City.

and City agrees to assume and perform the obligations of Company for the refund of such advances and deposits. The purchase price is to be paid from the proceeds of bonds which have been authorized to be issued by City as a result of an election held on June 11, 1957.

The Hanford water system has been owned and operated by Company since 1928 when it acquired the corporate stock of Hanford Water Company and, in turn, the utility properties, both transactions having been authorized by Decision No. 20493, dated November 16, 1928, in application No. 14731. As of January 1, 1957, the subject water utility was serving approximately 4,550 customers.

The application states that the undepreciated book cost of the properties proposed to be transferred was \$1,358,206.63 as of August 31, 1957, and that this amount is also believed to be the original cost. The estimated depreciation reserve applicable thereto is shown as \$211,188.65, thus indicating a net utility plant of \$1,147,017.98.

City agrees to assume all the public utility obligations relating to water service in the territory now served by the Hanford District of Company.

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 has 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. California Water Service Company, a corporation, may, on or after the effective date hereof and on or before June 30, 1958,

sell and transfer the public utility properties referred to herein to the City of Hanford, substantially in accordance with the document entitled, "Agreement for Sale of Hanford District Water System," included in the application as Exhibit B.

The foregoing authority is conditioned upon the following:

California Water Service Company shall transfer any advances for construction and customers' deposits held by it to the City of Hanford, and the latter shall receive and assume the obligation for repayment of such advances and deposits pursuant to the provisions of the agreement (Exhibit B attached to the application), and they shall jointly file with this Commission, within thirty days after the date of actual transfer, certified copies of appropriate instruments showing the names and addresses of all persons or corporations in whose favor any of said advance and deposit obligations exist and the respective amounts thereof.

2. If the authority herein granted is exercised, California Water Service 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.

3. Upon due compliance with all of the conditions of this order, said California Water Service 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.

In view of the allegations of City that it desires to sell its bonds on or about December 1, 1957 for the purpose of acquiring

the subject water system properties, the authority granted herein shall be effective on the date hereof.

Dated at San Francisco, California, this 19th day of November, 1957.



[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners