

Decision No. 56943

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
OAKVALE WATER COMPANY, a California)
corporation, for a permit and author-)
ity to transfer and sell its physical)
assets and property of its water)
system, and to assign and transfer)
its franchise area and certificate of)
public convenience and necessity to)
ARVIN WATER COMPANY, a California)
corporation.)

Application No. 40086

OPINION AND ORDER

Oakvale Water Company^{1/}, a corporation, by application filed May 13, 1958, seeks authority to sell and transfer its public utility water system properties to Arvin Water Company^{2/}, a corporation, which joins in the application.

The water system proposed to be transferred serves an unincorporated area comprising approximately 11 square miles located some 6 miles northeast of the City of Sacramento. Commission records indicate that, as of the end of 1957, Oakvale served 195 customers.

The terms and conditions of the proposed transfer are set forth in an instrument entitled "Sale Contract", a copy of which is attached to the application as Exhibit F. The properties to be transferred include accounts receivable, materials and supplies, land and water system facilities. The purchase price is stated to be the sum of \$255,236.31. Arvin agrees to pay Oakvale \$28,059.44 in cash, to cancel \$124,004.20 in demand notes owed Arvin by Oakvale, and to assume all of Oakvale's liabilities and obligations, amounting to \$95,298.98. The balance of the purchase price is

^{1/} Sometimes herein called Oakvale
^{2/} Sometimes herein called Arvin

represented by Oakvale's depreciation reserve of \$3,844.01 and contributions in aid of construction in the amount of \$4,029.68.

Oakvale's annual report to the Commission for the year ended December 31, 1957, shows total utility plant of \$236,618.07 and a depreciation reserve of \$3,844.01, indicating a net utility plant of \$232,774.06. The annual report also shows that of the 3,625 shares of Oakvale's stock outstanding, Robert L. Stockton owned 2,625 shares and Thelma S. Stockton owned 1,000 shares. Arvin's last annual report, for the year ended December 31, 1956, shows that Robert L. Stockton owned all of the 18 shares of stock outstanding at that time.

Oakvale was granted certificates of public convenience and necessity to serve this area by Decision No. 52168, dated November 1, 1955, in Application No. 37170, and Decision No. 54521, dated February 11, 1957, in Application No. 38312.

The reason given for the proposed transfer is that Oakvale believes that it does not have sufficient financial resources to permit it to accommodate the heavy growth and development anticipated within its service area. Arvin owned and operated a public utility water system serving the community of Arvin, Kern County, from 1938 to 1957, at which time its system was purchased by a community services district. Arvin represents that with its resources and experience, it could better serve the present and potential customers in the Oakvale service area.

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. Oakvale Water Company, a corporation, may, on or after the effective date hereof and on or before December 31, 1958, sell and transfer the herein described public utility water system properties to Arvin Water Company, a corporation, substantially in accordance with the terms and conditions contained in the document entitled "Sales Contract" included in the application as Exhibit F.

2. The rates and rules of Oakvale Water Company, now on file with this Commission, shall be refiled within thirty days from the date of actual transfer under the name of Arvin Water Company in accordance with the procedure prescribed by General Order No. 96, or in lieu of such refileing, Arvin Water Company may file a notice of adoption of said presently filed rates and rules. No increases in the presently filed rates and rules shall be made unless otherwise authorized by this Commission.

3. On or before the date of actual transfer, Oakvale Water Company shall refund all customers' deposits and all advances for construction which are subject to refund. Any such unrefunded deposits and advances shall be transferred to and become the obligation for refund of Arvin Water Company.

4. If the authority herein granted is exercised, Oakvale 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.

5. On or before the date of actual transfer of the physical properties herein authorized, Oakvale Water Company shall transfer and deliver to Arvin Water Company, and the latter shall receive and

preserve, all records, memoranda and papers pertaining to the construction and operation of the subject public utility water system properties.

6. Upon due compliance with all the conditions of this order, Oakvale Water Company shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility 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 8th day of JULY, 1958.

E. Lynn Fox
President
W. E. Mitchell
Paul L. Lister
Walter Doolen
Theodore Jensen
Commissioners