

Decision No. 58880

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 MAYFAIR WATER CO., a corporation,)
 and CALIFORNIA WATER SERVICE COMPANY,)
 a corporation,)
)
 for an order authorizing (1) the sale)
 and transfer to California Water)
 Service Company of the water system)
 of Mayfair Water Co. and (2) the)
 discontinuance of service by Mayfair)
 Water Co. in the territory in the)
 City of Stockton and in the County)
 of San Joaquin now served by Mayfair)
 Water Co. and the extension of)
 service into said territory by)
 California Water Service Company)
)

Application No. 41342

O P I N I O N

This is an application for an order of the Commission (1) authorizing Mayfair Water Co., a corporation, to sell and transfer its public utility water operations and its public utility properties to California Water Service Company and (2) authorizing California Water Service Company, a corporation, to operate said water system as a separate zone of its Stockton District.

Mayfair Water Co., sometimes hereinafter referred to as "seller", is engaged as a public utility in the business of supplying and distributing water for domestic and commercial purposes in certain subdivisions known as Swain Oaks Manor and Mayfair and territory adjacent thereto lying partly within and partly without the City of Stockton, County of San Joaquin. As of December 31, 1958, seller was serving 1,176 consumers and reports an investment in

utility plant, after deducting reserve for depreciation, of \$351,844.41. Its gross revenues for the year ended December 31, 1958, totaled \$66,150.87 and its net income for this period totaled \$19,332.00.

The sole stockholder of seller is Golden Gate Development Co., and the sole stockholders of Golden Gate Development Co. are H. Marcus Radin and Duncan B. Macdonald, who desire to withdraw from the public utility water business and devote their entire time and capital to their primary business which is real estate investment. To accomplish this objective, seller has entered into an agreement, dated June 30, 1959, with California Water Service Company, hereinafter sometimes referred to as "purchaser", which provides for the sale of the public utility water operations and properties to the purchaser at a price of \$350,215.43, which represents the depreciated book costs, at December 31, 1958, of the utility plant of seller, less the depreciated book cost of office equipment, transportation equipment, and tool and shop equipment. To this agreed price, there will be added seller's costs of all additions, betterments and extensions, less retirements, from January 1, 1959, to the closing date and from which there shall be deducted -

- (1) depreciation per books on the assets to be purchased hereunder from January 1, 1959, to the closing date, and
- (2) an amount equal to the sum of the balances of all deposits then remaining subject to refund under main extension agreements relating to Mayfair Water Co., except the sum of \$8,700 due under a contract with Golden Gate Development Co., dated September 21, 1956, the liability for which purchaser is to assume and to pay in cash.

The obligations under refund agreements for main extensions are to be assumed by purchaser, except as noted above. Exhibit D, attached to

the application, is a copy of the agreement, dated June 30, 1959, between seller and purchaser covering the sale of the Mayfair water system.

The purchaser under the proposed agreement, California Water Service Company, presently is engaged, as a public utility, in the business of supplying and distributing water for domestic and industrial purposes in 27 geographical locations in the State of California. If it acquires the properties of Mayfair Water Co., it proposes to operate said water system as a separate zone of its Stockton District and to furnish said service in seller's serving areas at the rates now being charged by seller in accordance with the rates, rules and regulations of seller now in effect.

Upon a review of the application, we are of the opinion that the proposed transfer will not be adverse to the public interest and that an order should be entered granting the authority requested. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred nor as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Mayfair Water Co., a corporation, on and after the effective date hereof and on or before December 31, 1959, may sell and convey its public utility water system operating rights and properties to California Water Service Company, in accordance with the terms and conditions of the agreement filed as Exhibit D in this proceeding, and, upon the consummation of such sale and conveyance, may cease furnishing and supplying water service in the areas in which it now operates.

2. Upon acquiring the properties of Mayfair Water Co., under the authorization herein granted, California Water Service Company, a corporation, shall account for the acquisition of the properties thus acquired in accordance with the provisions set forth in the uniform system of accounts for Class A and Class B water utilities prescribed by this Commission.

3. On or before the date of actual transfer Mayfair Water Co. shall:

- (a) Refund all deposits which consumers are entitled to have refunded. Any unrefunded deposits shall be transferred to and shall become the obligation for refund of California Water Service Company.
- (b) Transfer all advances for construction held by it to California Water Service Company, and the latter shall assume the obligation for repayment of such advances pursuant to the provisions of paragraph 5 of Exhibit D attached to the application, and they shall, within fifteen days after the date of transfer, jointly file with this Commission a certified copy of an appropriate instrument showing the names and addresses of all persons or corporations in whose favor such obligations exist and the amounts thereof.

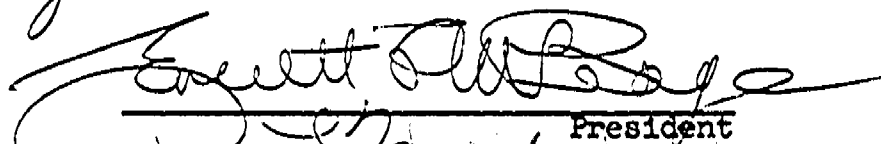
4. The rates, rules and regulations of Mayfair Water Co. now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of California Water Service Company in accordance with the procedure prescribed by General Order No. 96, or in lieu of such refiling, California Water Service Company may file a notice of adoption of said presently filed rates, rules and regulations. No increase in the present rates shall be made unless authorized by the Commission.

5. If the authority herein granted is exercised, Mayfair Water Co., within 30 days thereafter, shall notify the Commission in writing of the date of completion of the transfer and of its compliance with the conditions of this order.

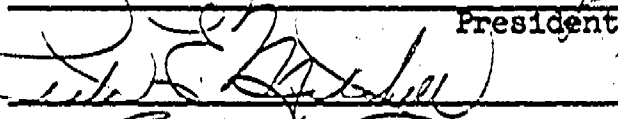
6. California Water Service Company, after it acquires the properties of Mayfair Water Co., may operate such acquired water system as a separate zone of its Stockton District.

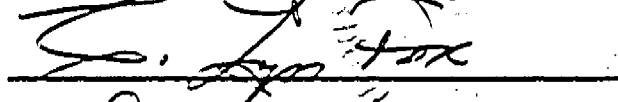
7. The authority herein granted will become effective on the date hereof.

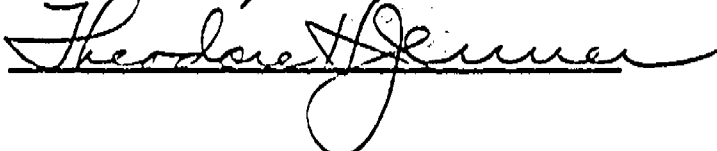
Dated at San Francisco, California,
this 18th day of August, 1959.



President







Commissioners