ORIGINAL

Decision No. 59431

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of WATER WORKS OF MONTA VISTA, LTD., and the CITY OF CUPERTINO, for order authorizing sale of water system and discontinuance of public utility service.

Application No. 41668

OPINION AND ORDER

By this application, filed November 18, 1959, Water Works $\frac{1}{}$ of Monta Vista, Ltd., a corporation, seeks authorization to sell and transfer its public utility water system to the City of Cupertino, which joins in the application.

The utility provides water service in the City of Cupertino, and vicinity, including the unincorporated community known as Monta Vista, Santa Clara County. The utility's annual reports to the Commission indicate that approximately 1,250 customers were being served as of December 31, 1958.

Commission records indicate that operations of the subject water system began prior to 1916, and that no certificate of public convenience and necessity has been requested of nor issued by this Commission. In 1917, Santa Clara Valley Land Company, a corporation, assumed the operation of the system. By Decision No. 21362, dated July 8, 1929, in Cases Nos. 2637, 2680, and 2691, Santa Clara Valley Land Company was found to be a public utility subject to the Commission's jurisdiction and was directed to file a prescribed schedule

Sometimes herein called "Seller".
Sometimes herein called "Purchaser".

of rates, together with rules and a service area map. Transfer of the water system from Santa Clara Valley Land Company to Chester Damico, an individual, and the transfer from Chester Damico to Water Works of Monta Vista, Ltd., a corporation, Seller herein, was authorized by Decision No. 22604, dated June 30, 1930, in Application No. 16301. The system has been operated by Seller since that time.

The terms and conditions of the proposed transfer are set forth in an instrument entitled "Contract of Purchase", dated July 6, 1959, a copy of which is attached to the application as Exhibit "B"; and in instruments entitled "Extension of Contract of Purchase", dated August 17, 1959, and "Amendment to Contract of Purchase", dated November 16, 1959, copies of which are attached to the application as Exhibit "C". The sale is contingent upon authorization by this Commission and upon authorization of a revenue bond issue by the electorate of Purchaser. The application states that voters in the City of Cupertino authorized said bond issue on October 13, 1959. The consideration for the transfer is to be the sum of \$700,000, augmented by the cost of capital additions and betterments subsequent to the date of the contract of purchase. Seller agrees to remain liable for all customers' deposits and advances held by it and to assume all liabilities of the utility except as otherwise specifically provided.

The application alleges that Seller has been unable to develop a stable and adequate water supply from within its service area in 29 years and that the closest proven water field lies entirely within the boundaries of Purchaser, which will have ready access thereto. Further, according to the application, it is in the best interest of Purchaser, Seller, and Seller's customers to consummate the proposed transfer.

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Seller's annual report to the Commission for the year ended December 31, 1958, shows as of that date utility plant in the amount of \$434,305.49 and depreciation reserve in the amount of \$86,372.10, indicating net utility plant of \$347,933.39.

Both counsel for Seller and for Purchaser orally have requested prompt action in this matter to avoid delay in carrying out certain financial arrangements to effect the transfer. Accordingly, the authority herein granted will become effective five days after the date hereof.

The action taken herein shall not be construed to be a finding of the value of the property 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. Water Works of Monta Vista, Ltd., a corporation, may, on or after the effective date hereof and on or before August 31, 1960, transfer its public utility properties to the City of Cupertino in accordance with the terms and conditions set forth in the instruments entitled "Contract of Purchase", dated July 6, 1959, "Extension of Contract of Purchase", dated August 17, 1959, and "Amendment to Contract of Purchase", dated November 16, 1959, copies of which are attached to the application as Exhibits "B" and "C".

2. On or before the date of actual transfer, Water Works of Monta Vista, Ltd., shall refund all customers' deposits to establish credit, and within ten days thereafter shall notify this Commission in writing of the date of the completion of such refunding.

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3. Within ten days after the date of actual transfer, Water Works of Monta Vista, Ltd., shall file with this Commission a verified statement showing all obligations existing at the time of actual transfer to make refunds of customers' advances for construction, the amounts thereof, and the names and addresses of persons or corporations in whose favor such obligations exist.

4. If the authority herein granted is exercised, Water Works of Monta Vista, Ltd., shall, within thirty days thereafter, notify this Commission in writing of the date of the completion of the property transfer herein authorized and of its compliance with the conditions hereof.

5. Upon due compliance with all of the conditions of this order, Water Works of Monta Vista, Ltd., shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility properties herein authorized to be transferred.

The effective date of this order shall be five days after the date hereof.

Dated at _______ San Francisco_____, California, this _____/ day of Arcamper, 19 59. Commissioners