

Decision No. 59834

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SUNNY SLOPE HEIGHTS WATER CO., a )  
California corporation to sell )  
assets to RUBIDOUX COMMUNITY )  
SERVICES DISTRICT. )

Application No. 41920  
(Amended)

OPINION AND ORDER

By this application, filed February 3, 1960, and amended March 14, 1960, Sunny Slope Heights Water Company<sup>1/</sup>, a corporation, seeks authorization to sell and transfer its public utility water system to Rubidoux Community Services District<sup>2/</sup>, which joins in the application.

Seller provides public utility water service in the unincorporated community of Rubidoux, also known as West Riverside, Riverside County. Seller's annual report to the Commission for the year ended December 31, 1958, shows that the utility was serving 1,656 customers as of that date.

Commission records indicate that the subject water system was established pursuant to a certificate of public convenience and necessity granted to Seller by Decision No. 43887, issued March 7, 1950, in Application No. 30415. Subsequently, the service area was expanded pursuant to a certificate granted by Decision No. 53481, issued July 23, 1956, in Application No. 37795.

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<sup>1/</sup> Sometimes herein called "Seller".

<sup>2/</sup> Sometimes herein called "Purchaser".

The terms and conditions of the proposed transfer are set forth in an instrument entitled "Waterworks System Acquisition Agreement 1959", dated September 3, 1959, a copy of which is attached to this application as Exhibit "C". The transfer is contingent upon authorization by this Commission. The consideration for the transfer is to be \$600,000 in cash, to which sum is to be added both the depreciated cost of all utility plant additions made between January 1, 1958, and the date of closing and the cost of construction work in progress as of the date of closing, and from which sum is to be deducted the depreciated cost, as of January 1, 1958, of all plant sold or retired subsequent to January 1, 1958, and before the closing date. The amendment to the application estimates that the purchase price so determined as of November 30, 1959, would have been \$879,570.81.

Exhibit "C" also provides that Purchaser is not to assume any customers' deposits nor any obligations under main extension agreements. Exhibit "D", attached to the application, is a copy of an instrument entitled "Declaration of Trust" with Farmers and Merchants Trust Company of Long Beach, a corporation, trustee, covering each party to such main extension agreements. Exhibit "D" provides for the deposit by Seller of \$298,790.83 in trust. According to the trust declaration, Seller, or its successors in interest, will obtain from Purchaser all information necessary to determine the amounts of refunds payable under each main extension agreement and, after computing such amounts, direct the trustee to make payments as they become due and payable. The acquisition agreement provides that Purchaser will furnish Seller all information needed to determine the amounts of such refund payments.

The amendment to the application states that the boundaries of Purchaser do not cover the entire service area of Seller; Purchaser has agreed, however, to offer service to all of Seller's customers in a manner satisfactory to the Commission.

Seller's balance sheet, Exhibit "A" attached to the application, indicates that, as of November 30, 1959, total utility plant amounted to \$712,197.29 and depreciation reserve to \$86,705.41, indicating net utility plant of \$625,491.88.

The application requests that this matter be acted upon as soon as possible in order that the utility will not be required to enter into any new main extension agreements, thus complicating negotiations between Seller and Purchaser. Seller's attorney has informed the Commission that Purchaser has sold bonds for the purchase of the system and wishes to take possession on April 1, 1960. For this reason the effective date of this order will be 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. Sunny Slope Heights Water Company, a corporation, may, on or after the effective date hereof and on or before September 30, 1960, transfer the herein described public utility property to Rubidoux Community Services District, pursuant to the instrument

entitled "Waterworks System Acquisition Agreement 1959", dated September 3, 1959, a copy of which is attached to the application as Exhibit "C".

2. On or before the date of actual transfer, Sunny Slope Heights Water Company shall refund all customers' deposits which customers are entitled to have refunded, and within thirty days thereafter shall notify this Commission in writing of the date of completion of such refunding.

3. Sunny Slope Heights Water Company shall, on or after the effective date hereof and prior to the actual date of the transfer of property authorized hereinabove, deposit with Farmers and Merchants Trust Company of Long Beach, the sum of \$298,790.83 for the purposes, and according to the terms, of the "Declaration of Trust", Exhibit "D" attached to the application.

4. If the authority herein granted is exercised, Sunny Slope Heights Water Company shall, within thirty days thereafter, notify this Commission in writing of the date of 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, Sunny Slope Heights Water Company 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 authorization herein granted shall become effective when Rubidoux Community Services District shall have filed with this Commission a certified copy of a stipulation to the effect that said district has acquired the property conveyed pursuant to the herein

referred to instrument, Exhibit "C" in the application, subject to all legal claims for water service which might have been enforced against Sunny Slope Heights Water Company, including such claims as may exist in territory outside of the boundaries of said district. In all other respects the effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 29th day of March, 1960.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Theodore Deiner  
Commissioners