

Decision No. 62261**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 THE CAMPBELL WATER COMPANY, a cor-
 poration, for authority to enter
 into a long term obligation contract
 with the City of Campbell.

}
 } Application No. 43398
 } Filed May 15, 1961

OPINION AND ORDER

In this application The Campbell Water Company¹, a corporation, seeks authorization under Sections 816 and 818 of the Public Utilities Code to acquire from the City of Campbell², Santa Clara County, certain water system facilities and to execute and perform the contract agreement, an undated and unsigned copy of which is attached to the application as Exhibit B.

Company provides water service in portions of the City of Campbell and adjacent territory, with 3,313 service connections as of April 30, 1961. On that date, according to Company's balance sheet included in the financial statement attached to the application as Exhibit A, the depreciated book value of its property, plant and equipment was \$900,479 and there was a total of \$410,412 of refundable advances for construction, which is equivalent to about 45½ per cent of the net plant. Company's annual report to the Commission for the year ended December 31, 1960, shows gross operating revenues of \$189,391 and operating expenses, depreciation and taxes totaling \$154,978, with a resulting net utility income of \$34,413.

1 Sometimes herein called "Company".

2 Sometimes herein called "City".

On April 24, 1961, the City passed a resolution for the purpose of establishing Local Improvement District No. 2,³ which is located entirely within Company's service area. At present there are approximately 24 residents within the District consisting of about 20 acres which ultimately will be subdivided. The District was created for the purpose of constructing and installing streets, sewers and water facilities. Because of the small number of potential customers (approximately 100) and because of the location of the District, it is impractical for the City to provide water utility service to the potential residents of the District and it is impractical for any water utility except Company to provide such service.

Exhibit B is a copy of the contract, entitled "Agreement for Sale of Water Facilities", proposed to be entered into between the City and Company pertaining to the water system which the City intends to cause to be installed in the District in accordance with plans and specifications approved by Company. Under the terms thereof, the City is to transfer to Company all water mains, valves, services, fittings and appurtenances, with the exception of the fire hydrants and burys related thereto which are to remain the property of the City. After such installation is complete and after the City and Company have agreed to the actual cost of the said facilities, Company will provide water utility service to customers within the District by means of the facilities so constructed. Company will reimburse the City for the cost of the facilities upon terms similar to the refund provisions of that portion of Company's main extension Rule No. 15 which concerns subdividers. The reimbursement of such cost will be by the 22 per cent of revenue method provided for therein, for a period not to exceed 20 years. Exhibit C of the application shows the estimated installed cost of the facilities to be \$14,000,

³ Sometimes herein called "District".

which includes approximately 2,400 feet of 8-, 6- and 4-inch distribution mains, 70 service connections and necessary fittings and tie-in appurtenances.

To supplement the application as filed, counsel for Company, the applicant herein, have supplied the following documents which are hereby made a part of the record in this proceeding:

Exhibit No. 1 is a certified copy of Resolution No. 1131 entitled "A Resolution of Intention to Sell Water Distribution Improvements within Local Improvement District No. 2 in the City of Campbell and providing for Notice and Hearing thereon" which was passed and adopted by the City Council of the City on April 24, 1961.

Exhibit No. 2 is a certified copy of Resolution No. 1161 entitled "A Resolution Ordering the Sale of Water Distribution Improvements within Local Improvement District No. 2 in the City of Campbell" which was passed and adopted by the City Council of the City on May 29, 1961. Among other things, this resolution approves and accepts the "Agreement for Sale of Water Facilities" hereinabove described and authorizes its execution by duly designated City officials.

The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be acquired.

The Commission having considered the above-entitled application and being of the opinion and finding that the proposed acquisition of the property in the manner described in said application 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 ORDERED that The Campbell Water Company, corporation, be and it hereby is authorized to execute and perform the contract entitled "Agreement for Sale of Water Facilities" with the City of Campbell, Santa Clara County, a copy of which agreement is attached to the application herein as Exhibit B, for the purpose of acquiring from the said City certain water system facilities installed or to be

installed by the City to provide water service to residents of Local Improvement District No. 2.

IT IS FURTHER ORDERED that The Campbell Water Company shall file with this Commission two certified copies of the said agreement as executed within thirty days after the execution thereof.

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

Dated at San Francisco, California, this 14th day of July, 1961.

Ernest W. Page
President

(S. L. Mitchell)

George E. Grover

Commissioners