

ORIGINALDecision No. 63001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	}	Application No. 44019
LA GRANADA WATER COMPANY, a		
corporation, for an Order authorizing		
Applicant to dispose of all of its		
<u>assets and dissolve.</u>		

OPINION AND ORDER

By this application La Granada Water Company, a California corporation, seeks authority to transfer substantially all of its assets to the City of Riverside, which joins in the application.

The City of Riverside by Annexation No. 19, effective November 21, 1961, has annexed to the City all of the service area of La Granada Water Company. As a condition of annexation, the City has negotiated a "Waterworks System Acquisition Agreement" with applicant for the purchase of the utility water system and proposes to assume the obligations of the utility for public service.

The utility's board of directors and its shareholders have elected and consented to wind up and dissolve La Granada Water Company. The utility will either discharge its obligations and liabilities from moneys now on hand or to be received from the sale of assets, or by transfer of assets in kind.

Under the terms of the acquisition agreement, the City will pay the utility the purchase price of \$525,000 by means of semi-annual payments over a period ending October 15, 1973. Interest on the unpaid principal will be at the rate of 3.47 percent. At the option of the City, prepayment of the installments may be made by delivering to the utility appropriate amounts of the City's revenue bonds in denominations of \$1,000 and bearing an interest rate of 3.47 percent.

The validity of the agreement has been tested in the courts and a writ to such effect was issued on December 15, 1961.

The City has agreed to assume any and all future liabilities, duties and obligations of the utility's existing main extension agreements, which are reported as having unpaid balances totaling \$48,696.31.

Among other things, the acquisition agreement provides, in Section 23, that, "By mutual consent the City and the Seller, its successors or assigns, may amend, waive or modify any provisions of this Agreement;" Notwithstanding this provision the order herein will prohibit any modification or amendment of the subject agreement (except as to the date of closing), except upon Commission authorization.

The Commission finds that the proposed transfer is not adverse to the public interest and should be authorized. The action taken herein, however, shall not be construed to be a finding of the value of the properties to be transferred.

Public hearing is not necessary. Accordingly,

IT IS ORDERED that:

1. On or after the effective date hereof, La Granada Water Company may transfer and sell to the City of Riverside its public utility water system in accordance with the terms and conditions of the "Waterworks System Acquisition Agreement - 1961" as signed by the parties on December 28, 1961, attached to the application herein as Exhibit III thereof, except as noted in paragraph 2 below. The foregoing authority is conditioned upon the requirement that the City of Riverside shall assume all obligations for refund of construction advances made to La Granada Water Company under the provisions of main extension agreements outstanding as of the date of actual transfer

and said City and the utility shall jointly file with this Commission, within thirty days after that date, a verified statement showing the name and address of each person or corporation in whose favor any of such refund obligations exist and the unrefunded amount of construction advance subject to repayment to each such person or corporation.

2. The hereinabove acquisition agreement shall not be modified or amended, except as to the date or dates of closing, unless authority to modify or amend said agreement shall have been obtained from this Commission.

3. On or before the actual date of transfer, La Granada Water Company shall refund all customers' deposits for the establishment of credit, which are subject to refund.

4. Within ten days after the actual date of transfer, La Granada Water Company shall notify this Commission of the date of transfer and the date upon which the City of Riverside shall have assumed operation of the water system herein authorized to be transferred.

5. Upon compliance with the above conditions of this order, La Granada Water Company shall stand relieved of its utility obligations concurrent with the commencement of service by the City of Riverside.

6. The acceptance of the herein-concerned properties by the City of Riverside shall constitute consent by it to all conditions

of the order herein which have application to said City.

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

Dated at San Francisco, California, this 14th day of JANUARY, 1962.

Robert A. Page
President
John E. Hill
C. Lynn Fox

Fredrick B. Halbach
Commissioners