

63014

Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Yucaipa Domestic Water Company,
a corporation,
Complainant,

vs.

Yucaipa Water Company No. 1,
a corporation,
Defendant.

Case No. 6247

Yucaipa Water Company No. 1,
a corporation,
Complainant,

vs.

Yucaipa Domestic Water Company,
a corporation,
Defendant.

Case No. 6248

Investigation on the Commission's own
motion into the operations, practices
and contracts of the Yucaipa Water
Company No. 1, concerning the furnish-
ing of water to the Yucaipa Domestic
Water Company, a public utility.

Case No. 6303

In the Matter of the Application of
Yucaipa Domestic Water Company, for
authority to increase its rates and
charges for water service.

Application No. 41191

In the Matter of the Application of
Yucaipa Water Company No. 1 for a
certificate of public convenience and
necessity to operate a water system
as a public utility.

Application No. 43196

In the Matter of the Application of
Yucaipa Water Company No. 1, a cor-
poration, for permission to sell and
transfer certain assets to San
Bernardino Valley Municipal Water
District, a public corporation, and
to terminate operation of a public
utility water system.

Application No. 43793

In the Matter of the Application of
Yucaipa Domestic Water Company, a cor-
poration, for permission to sell and
transfer certain assets to San Ber-
nardino Valley Municipal Water District,
a public corporation, and to terminate
operation of a public utility water
system.

Application No. 43794

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Surr & Hellyer; James R. Edwards, by John B. Surr,
for defendant, Yucaipa Water Company No. 1,
in Case No. 6247, and for complainant,
Yucaipa Water Company No. 1, in Case No. 6248.
Taylor & Smith, by Edward F. Taylor, and Hyer &
Graeber, by Charles G. Graeber, for Yucaipa
Domestic Water Company, complainant in Case
No. 6247 and defendant in Case No. 6248.
James G. Shields and C. O. Newman, for the Com-
mission staff.

O P I N I O N

As a result of a complaint filed in Case No. 6247 by the Yucaipa Domestic Water Company, a public utility, against Yucaipa Water Company No. 1, an alleged mutual company, and of a counter-complaint filed in Case No. 6248 by Yucaipa Water Company No. 1 against Yucaipa Domestic Water Company, and also as a result of an order of investigation issued in Case No. 6303, this Commission issued Decision No. 59222, dated November 3, 1959, wherein Yucaipa Water Company No. 1 was declared to be a public utility subject to the jurisdiction of this Commission.

Application No. 41191 was filed on May 29, 1959, by the Yucaipa Domestic Water Company, requesting a rate increase. Application No. 43196 was filed on March 1, 1961, by Yucaipa Water Company No. 1, requesting that a certificate of public convenience and necessity be issued to that company, authorizing it to conduct operations as a public utility water company.

Application No. 43793, filed September 29, 1961, by Yucaipa Water Company No. 1, requests authority to sell certain assets to the San Bernardino Valley Municipal Water District. Application No. 43794, filed on the same date by Yucaipa Domestic Water Company, likewise requests authority to sell certain assets to the San Bernardino Valley Municipal Water District.

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An examination of the record in these matters discloses that each of the water companies herein has entered into an agreement with the San Bernardino Valley Municipal Water District, under the terms of which each of them will sell to the District all of its assets used in the water business.

Yucaipa Water Company No. 1 proposes to sell its assets in consideration of the payment of \$756,511.42, plus the cost of any additions to the fixed assets from January 1, 1961, to the date of the consummation of the sale, less the depreciation thereon, plus the amount by which the book value of the current assets of the company exceeds the book value of its current liabilities. Current assets are deemed to be cash on hand and in banks, accounts receivable, material inventories, prepaid insurance, and any other prepaid accounts. Current liabilities are deemed to be current accounts payable, unpaid amounts of any refund agreements, accrued interest, accrued taxes, and any other similar items. The purchase price is to be paid in 40 equal installments in cash, together with interest on the unpaid balance on January 2 and July 1 of each year.

Yucaipa Domestic Water Company proposes to sell its fixed assets exclusive of receivables and stock in Yucaipa Water Company No. 1 to the District for a price of \$273,000, plus the cost of any additions to the fixed assets from September 5, 1961, to the date of sale, less depreciation thereon. The Yucaipa Domestic Water Company now is obligated to pay Arthur L. Peters and Agnes M. Peters, husband and wife, the sum of \$127,699.67. The District has agreed to pay this obligation and deduct it from the purchase price. Thus, the District will pay the sum of \$145,300.33 and assume the obligation to Peters. This purchase price shall be paid in 40 installments in cash, together with interest on the unpaid balance payable on January 1 and July 1 of each year.

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This record also discloses that the San Bernardino Valley Municipal Water District, on or about August 16, 1961, caused to be formed an improvement district designated as "Improvement District A." This improvement district was formed under Section 16.2 of the Municipal Water District Act of 1911, and there is included within its boundaries substantially all of the land to which Yucaipa Water Company No. 1 now serves water. It should be noted that Yucaipa Water Company No. 1 now furnishes substantially all of the water which is distributed by Yucaipa Domestic Water Company.

Under the terms of the Agreement for the sale and purchase of assets of each of the subject utilities, the district agrees to continue water service to all existing customers of each utility, and to extend water service to all lands within the areas now served by these utilities. However, in each of these agreements it is provided that, "The provisions of this paragraph shall not impose on District a greater burden of service than now exists and does not include parcels to which water is not now serviced."

Findings and Conclusions

Upon consideration of all of the evidence we find and conclude that the transfer of the water systems of the Yucaipa Domestic Water Company and the Yucaipa Water Company No. 1 to the San Bernardino Valley Municipal Water District will not be adverse to the public interest and that a public hearing is not necessary. Accordingly, Applications Nos. 43793 and 43794 should be granted, subject to the condition that the District shall agree to serve all customers of the two vendors, and any others who might have the legal right to be served, and the proceedings in Cases Nos. 6247, 6248 and 6303, and Applications Nos. 41191 and 43196 will be dismissed.

O R D E R

The Commission having considered the above-entitled applications and cases and having made findings and conclusions as above-indicated; therefore,

IT IS ORDERED as follows:

1. That Yucaipa Domestic Water Company and Yucaipa Water Company No. 1, on or after the effective date hereof and on or before March 31, 1962, may transfer all of their assets used in their public utility water systems referred to in this proceeding to San Bernardino Valley Municipal Water District, a public corporation, in accordance with the terms and conditions set forth in the instruments entitled respectively, "Agreement to Sell and Purchase Assets of Yucaipa Water Company No. 1" and "Agreement to Sell and Purchase Assets of Yucaipa Domestic Water Company", a copy of each of which was submitted with the application herein. The foregoing authority is conditioned upon the following:

- (a) That Yucaipa Water Company No. 1 shall transfer all advances for construction held by it to San Bernardino Valley Municipal Water District, and the latter shall receive and assume the obligation for repayment of such advances and they shall jointly file with this Commission, within thirty days after the date of actual transfer, a certified copy of each appropriate instrument showing the names and addresses of all persons or corporations in whose favor any of the said advance obligations exist and the respective amounts thereof.
- (b) That San Bernardino Valley Municipal Water District shall file with this Commission, within thirty days after date of actual transfer, a certified copy of a stipulation to the effect that said district has acquired the properties conveyed pursuant to the hereinabove referred to instruments, subject to all legal claims for water service which might have been enforced against either of the applicant sellers herein, including such claims as may exist in territory outside of the district.
- (c) The foregoing requirements (a) and (b) of paragraph 1, hereof, constitute conditions of the authority herein granted.

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2. That on or before the date of actual transfer, Yucaipa Domestic Water Company shall deposit the sum of \$13,000 in a savings account at the Main Branch of Redlands Federal Savings and Loan Association in Redlands, California, from which withdrawals shall be made only to refund amounts on a main extension agreement referred to in Application No. 43794 and applicable to Tract No. 6462, San Bernardino County, until the terms of the contract have been met. Any additional advances for construction being held by the said utility shall be refunded on or before the date of actual transfer. Further, within thirty days after the date of actual transfer, Yucaipa Domestic Water Company shall notify this Commission in writing that the deposit has been made and any additional advances have been refunded as hereinabove provided.

3. That on or before the date of actual transfer, Yucaipa Water Company No. 1 and Yucaipa Domestic Water Company shall refund all customers' deposits and advances, if any, which are subject to refund, and, within thirty days thereafter, shall notify this Commission of the date of completion of such refunding.

4. That all rates and rules of the Yucaipa Water Company No. 1 and Yucaipa Domestic Water Company now on file with this Commission shall, upon the consummation of the above-authorized transfers, be canceled.

5. That if the authority herein granted is exercised, Yucaipa Water Company No. 1 and Yucaipa Domestic Water Company shall each file with this Commission a certified copy of each deed or other instrument of conveyance as executed to effect the transfer of the properties hereinabove authorized.

6. That, within 30 days after the consummation of the transfers herein authorized, the Yucaipa Water Company No. 1 and the Yucaipa Domestic Water Company shall notify this Commission, in writing, of that fact.

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7. That, upon due compliance with all of the conditions of this order, the Yucaipa Water Company No. 1 and the Yucaipa Domestic Water Company shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water systems herein authorized to be transferred.

8. That, upon due compliance with all conditions of this order, Cases Nos. 6247, 6248 and 6303, and Applications Nos. 41191 and 43196, are hereby dismissed. ✓

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

Dated at San Francisco, California, this
9th day of JANUARY, 1962.

Charles W. Page
President
W. E. McNeill
E. J. Fox
Frederick B. Bloch

Commissioners