

ORIGINAL

Decision No. 65923

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
the PALM DESERT WATER COMPANY for)
authority to sell and transfer all)
of the public utility property)
thereof to the COACHELLA VALLEY)
COUNTY WATER DISTRICT and to ter-)
minate the operation of a public)
utility water system.)

Application No. 45598
Filed July 15, 1963

O P I N I O N

Applicants request an order, pursuant to Section 851 of the Public Utilities Code, authorizing Palm Desert Water Company (Company) to sell to Coachella Valley County Water District (District) all of the Company's assets and properties and relieving the Company of its public utility obligations.

The application alleges that Company is a California corporation operating a public utility water service in and around the unincorporated community of Palm Desert, Riverside County, California; that it has approximately 700 domestic water users; and that all its consumers are within the boundaries of District.

The application further alleges that District is a County Water District (Section 30000 et seq. of the Water Code); that it contains approximately 350,000 acres in Riverside and Imperial Counties, California; and that it is engaged in the importation, production, transmission and distribution of irrigation and domestic water.

On May 14, 1963, applicants entered into an agreement for the sale by Company and the purchase by District of all the public utility properties of Company for the principal sum of \$492,500, together with interest figured on a sliding scale based on the number of active service connections, principal and interest payable as follows:

For each direct active service connection on water mains acquired by the District from Palm Desert, the District shall pay to Palm Desert the sum of \$2.00 per month commencing July 1, 1963, or in accordance with the Public Utilities Commission order approving the sale and purchase provided for herein, whichever occurs last. In the event a direct service connection is supplied through a meter of greater than one inch in size, the District shall pay to Palm Desert 22 percent of the gross revenue per month for said direct service connection, or \$2.00, whichever is greater. For each indirect active service connection, the District shall pay to Palm Desert the sum of \$1.00 per month in like fashion. In the event an indirect service connection is supplied through a meter of greater than one inch in size, the District shall pay to Palm Desert 11 percent of the gross revenue per month for said indirect service connection, or \$1.00, whichever is greater.

Payments shall be made on the 10th day of each month and shall be first credited to interest and then to principal when such interest payments become due, otherwise to principal.

The agreement further provides that Company will pay all of its outstanding obligations in the usual course of business, except that District "agrees to assume and discharge pursuant to their terms the main line extension contracts of Palm Desert which currently amount to \$148,000, and any additional of such contracts entered into by Palm Desert prior to the transfer of the real and personal property."

The main extension contracts are listed in Exhibit V of the application and total approximately \$148,948.59 for 28 contracts. Installations have not been completed, and unexecuted contracts for additional installations amount to approximately \$29,851.70.

As of April 30, 1963, Company's balance sheet listed fixed assets, less depreciation, of \$483,775.16.

The reasons for the transfer are stated as follows:

1. Company's certificated area is generally surrounded by other water purveyors including the District. This makes it impossible for Company to expand its operation into a more economic unit. New domestic water services in the general area will be undoubtedly handled by the other water purveyors.

2. Company's source of water is from the Coachella Basin which is in a state of overdraft. The District, in addition to the water rights in the Coachella Basin which it has heretofore acquired by purchase and otherwise, has entered into a contract with the State of California under the provisions of the State Water Plan for a maximum delivery of 20,000 acre-feet of water. The District will thus be able to supply the domestic consumers within its boundaries including the consumers of Company in the event of an adverse adjudication of Company's water rights or failure of the natural supply.

3. The District is also in the process of acquiring the public utility property of the Silver Spur Ranch Water Co. and the Eldorado Country Club Water Company, which are located in the general Palm Desert area. The District, in addition, owns and operates water systems in this general area. By virtue of the acquisition of the properties of Company, the District will be able to interconnect these various water systems and provide more adequate water service.

District alleges that its rates will be equal to or lower than those charged by Company.

On the allegations of the application, we find that the issuance of the requested authority will not be adverse to the public interest and we conclude, therefore, that the transfer should be authorized and that upon completion of the transfer, the Company should be relieved of its public utility obligations. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Palm Desert Water Company may sell and transfer all of its assets and properties, as listed in Exhibit I on the application herein, to the Coachella Valley County Water District under the terms and conditions set forth in said Exhibit I.

2. Within thirty days after the date of actual transfer of said properties, Palm Desert Water Company shall file with the Commission two fully conformed copies of the instrument or instruments of transfer as executed, together with a statement of the date upon which said transfer became effective.

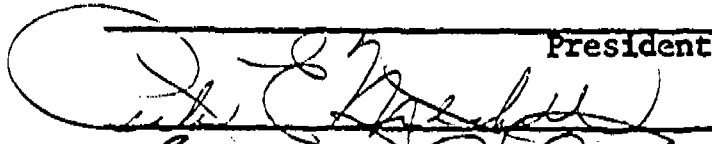
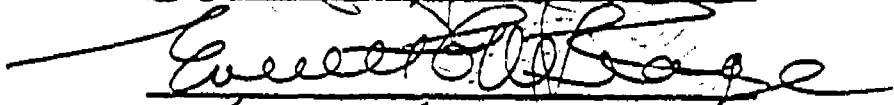
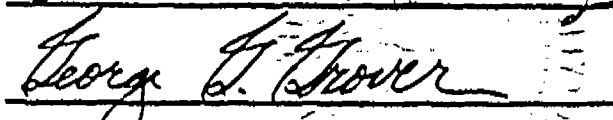

3. On or before the date of actual transfer, Palm Desert Water Company shall file with the Commission a complete list of outstanding main extension agreements, together with the amounts actually due thereon and to be refunded in the future.

4. On or before the date of actual transfer, Palm Desert Water Company shall refund all customers' deposits which are subject to refund, if any, and within thirty days thereafter shall report to the Commission in writing of the completion of such refunding.

5. On the effective date of the actual transfer, Palm Desert Water Company shall stand relieved of its public utility obligations in connection with the operations of the public utility water system herein authorized to be transferred.

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

Dated at San Francisco, California, this 27th day of AUGUST, 1963.


President

Everett W. [unclear]

George T. [unclear]

Frederick B. Halchoff
Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.