

Decision No. 66712

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application)
of La Selva Beach Water Company and)
Soquel Creek County Water District for)
an order authorizing the former to sell)
to the latter the water system owned and)
operated by the former.)

Application No. 46000
(Filed December 4, 1963)

In the Matter of the Joint Application)
of JAMES A. HARRIS III, MARINA HARRIS)
MAGEE, and FRANCIS M. HARRIS dba)
MONTEREY BAY WATER COMPANY and Soquel)
Creek County Water District for an order)
authorizing the former to sell to the)
latter the water system owned and)
operated by the former.)

Application No. 46001
(Filed December 4, 1963)

O P I N I O N

By these applications, La Selva Beach Water Company (La Selva), a corporation, and James A. Harris III, Marina Harris Magee, and Francis M. Harris, doing business as Monterey Bay Water Company (Monterey Bay) seek authority to transfer their utility properties to Soquel Creek County Water District (District), and to discontinue service. District joins in each application.

La Selva serves the community of La Selva Beach, located on the shore of Monterey Bay, about midway between Santa Cruz and Watsonville in Santa Cruz County. As of July 1, 1963, the water system had 392 active service connections. The balance sheet attached as Exhibit A to Application No. 46000 shows that, as of December 31, 1962, La Selva had utility plant of \$89,006, a depreciation reserve of \$39,745, refundable advances for construction of \$3,735, and unrefundable contributions of \$7,319. La Selva's stockholders are the same parties as the applicant proprietors in Application No. 46001.

Monterey Bay serves the communities of Capitola, Soquel, Seacliff, Aptos, Rio Del Mar, and vicinities, located along the shore of Monterey Bay and inland therefrom, east of Santa Cruz in Santa Cruz County. As of July 1, 1963, the Capitola-Soquel System had 2,351 active service connections, the Seacliff System had 856, and the Aptos-Rio Del Mar System had 1,620, making a total of 4,827 for the three separate systems. The balance sheet attached as Exhibit A to Application No. 46001 shows that, as of December 31, 1962, Monterey Bay had utility plant of \$1,102,251, a depreciation reserve of \$328,029, refundable advances for construction of \$219,125, and unrefundable contributions of \$22,295.

District is a county water district organized and existing under Division 12 of the California Water Code. The boundaries of District encompass approximately one half of the total area served by La Selva and Monterey Bay.

On May 10, 1963, La Selva and Monterey Bay entered into an agreement with District providing for the sale to District of the two utilities' water systems. A copy of the agreement is attached as Exhibit C to each application herein. The undivided purchase price of the systems of both utilities is to be \$625,000, subject to adjustments for net plant additions and depreciation accruals from January 1, 1963 to the closing date. District also agrees to purchase the utilities' materials and supplies and to assume all non-delinquent liability for extension agreements and advances in aid of construction at the closing date. The utilities agree to furnish District an accounting of outstanding refund obligations, showing amounts already refunded, amounts subject to refund, and other details.

On October 15, 1963, an election was held to determine whether or not District was to be authorized to issue revenue bonds in an amount necessary to purchase the La Selva and Monterey Bay

Water Systems in accordance with the aforementioned purchase agreement. The vote on the bond issue was 1,019 in favor of, and 162 against, the issuance of the bonds.

The Commission finds that:

1. Approximately one half of the area served by La Selva and Monterey Bay is outside of the boundaries of District.
2. Upon receipt of a stipulation from District regarding service obligations and absence of discrimination between customers inside and outside District's boundaries, the proposed transfer will not be adverse to the public interest.

The Commission concludes that the proposed transfer should be authorized, subject to the conditions set forth in the following order. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date hereof, La Selva Beach Water Company (La Selva) and James A. Harris III, Marina Harris Magee, and Francis M. Harris, doing business as Monterey Bay Water Company (Monterey Bay) may transfer and sell to Soquel Creek County Water District (District) their public utility water systems located in the communities of La Selva Beach, Capitola, Soquel, Seacliff, Aptos, Rio Del Mar, and vicinities, Santa Cruz County, in accordance with the terms and conditions of the agreement, Exhibit C attached to each application herein, and subject to the terms and conditions of this order.
2. The foregoing authority is conditioned upon the filing in each of these proceedings of a stipulation by District that:

- (a) District will be subject to all legal claims for water service which might have been enforced against La Selva or Monterey Bay, including such claims as may exist in territory outside of the boundaries of District.
- (b) As to the rates, rules and conditions of service which District will apply in the service area of the systems herein authorized to be transferred, it will not discriminate between service rendered outside of the District boundaries and service rendered inside said boundaries, except insofar as it may adjust such outside rates and charges to offset any reasonable tax burden sustained by water users within the District in subsidizing the operation of the district's water system.

3. On or before the date of actual transfer, La Selva and Monterey Bay shall return to their customers any refundable deposits made to establish credit, and shall pay whatever refunds are due as of said transfer date on advances for construction under main extension agreements.

4. Within ten days after the date of actual transfer, La Selva and Monterey Bay shall file, in each proceeding herein, written notification to this Commission of the refunding of deposits and advances, the date of transfer, and the date upon which District shall have assumed operation of the water systems authorized herein to be transferred. A true copy of each instrument of transfer shall be attached to the written notification.

5. Upon compliance with the conditions of this order, La Selva and Monterey Bay shall stand relieved of all of their public utility obligations in the areas served by the transferred systems, and may

discontinue service concurrently with the commencement of service by District.

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

15th Dated at San Francisco, California, this
day of January, 1964.

Sallyann M. Arnold
President

W. J. Smith

Everett A. Ray

George E. Grover

Frederick B. Halchoff
Commissioners