

**ORIGINAL**Decision No. 67082

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA WATER COMPANY and )  
 CITY OF SACRAMENTO for an order )  
 authorizing the sale of certain )  
 properties of Southern California )  
 Water Company. )

Application No. 46324  
 (Filed March 27, 1964)

O P I N I O N

Southern California Water Company (Seller) requests authority to sell and to transfer its South Sacramento District water system properties to the City of Sacramento (Purchaser). Seller seeks to be relieved of its obligations as a public utility in the area served by the properties to be sold. Purchaser joins in the application.

Seller's South Sacramento District serves approximately 4,500 customers. The undepreciated book cost of the properties therein aggregated \$1,056,018.68 as of December 31, 1963. A portion of the system to be sold is located within Purchaser's city limits and the remainder is located in adjacent unincorporated areas.

On February 27, 1964, Seller and Purchaser entered into an agreement providing for the purchase price of \$1,500,000, subject to adjustment as provided in Section 2 of the agreement. A copy of the agreement is attached to the application as Exhibit II. Purchaser will assume and perform all obligations of Seller under the outstanding main extension agreements listed in Exhibit B of the agreement. The total remaining balance under these agreements as of December 31, 1963 was \$76,751.22. Seller is to repay all deposits, including accrued interest, made by customers to establish credit.

Seller and Purchaser allege that the sale and transfer would eliminate the increasing wasteful duplication of facilities which would result from continued separate ownership of systems of Seller and Purchaser and would also avoid the expense and delay which would result from proceedings by Purchaser to condemn Seller's properties.

Purchaser desires to effect purchase of the system as of May 1, 1964.

The Commission finds that:

1. The granting of the application would not be adverse to the public interest.
2. The public interest requires that the effective date of the ensuing order be its date.

The Commission concludes that the application should be granted. Public hearing is not necessary.

The action taken herein is not to be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. On or after the effective date hereof, Southern California Water Company, Seller, may transfer to the City of Sacramento, Purchaser, its South Sacramento District water system, in accordance with the terms and conditions of the agreement, Exhibit II attached to the application herein, and the terms and conditions of this order.
2. The foregoing authority shall not become effective unless and until Purchaser shall have filed a stipulation that:

- a. Purchaser is subject to all legal claims for water service which might have been enforced against Seller, including such claims as may exist in territory outside of the city limits of Purchaser.
- b. As to the rates and rules which it will apply in the service area of the system herein authorized to be transferred, it will not discriminate between service rendered outside of the city limits of Sacramento and service rendered within said city limits, except insofar as it may adjust such outside rates and charges to offset any reasonable tax burden sustained by water users within the City in subsidizing the operation of the municipal water system.

3. On or before the date of actual transfer, Seller shall refund all customers' deposits and all advances for construction which are subject to refund.

4. Within ten days after the actual date of transfer, Seller shall file with this Commission written notification of the refunding of deposits and advances, the date of transfer, and the date upon which Purchaser shall have assumed operation of the water system herein authorized 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, Seller shall stand relieved of its public utility obligations within the area served by the transferred system, and may discontinue service therein concurrently with the commencement of service by Purchaser.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 14<sup>th</sup> day of APRIL, 1964.

*William L. Bennett*  
 President  
*George C. Grover*  
*Frederick B. Hobbs*

Commissioners