

ORIGINAL

Decision No. 67322

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CARPINTERIA WATER COMPANY, a California corporation; and CARPINTERIA COUNTY WATER DISTRICT, a County Water District, for authority for the former to sell and transfer, and the latter to purchase and acquire, certain real and personal property.

Application No. 46640
Filed May 18, 1964

O P I N I O N

Carpinteria Water Company and Carpinteria County Water District have joined in this application for an order of the Commission authorizing the former to sell and transfer its public utility water distribution system to the latter.

Carpinteria Water Company is a California corporation operating a public utility water system in and about Carpinteria, Santa Barbara County. As of December 31, 1963, its reported number of active service connections amounted to 1,561, including 98 connections for fire purposes. The application shows that Carpinteria County Water District serves a territory comprising approximately 8,500 acres in the South Coastal Region of Santa Barbara County, and that Carpinteria Water Company's territory is included within the district's boundaries.

Subject to receiving authorization from this Commission, the water company proposes to sell and transfer its system to the district in accordance with an agreement of sale and escrow instructions dated May 15, 1964, a copy of which is attached to the application as Exhibit C. The base purchase price is \$291,192.69 for the assets described in a report prepared by Penfield & Smith and dated September 3, 1963. In addition, the water company will receive an amount for recent additions and betterments, together with another amount for materials and supplies, being approximately \$35,000 and \$5,000, respectively, at the date of the agreement. Such agreement provides further that the assets to be sold shall include, but not be limited to, certain items valued in the aggregate, as follows:

Original cost	\$490,652.36
Depreciation	152,292.92
Original cost less depreciation	338,359.44
Net appraised value	416,765.98

The net appraised value is the reported depreciated replacement cost plus 25%, for all items except transportation, shop and office equipment, which are taken at depreciated original cost, plus \$12,000 for land.

The district will assume the water company's obligations (1) to make construction advance refunds, and (2) to repay security deposits.

Applicants report that Carpinteria Water Company purchases a portion of its water supply for resale from Carpinteria County Water District, and that the water company is in direct competition with the district and has a limited growth potential due to the district's existence. The application shows that the district is capable of serving the area, consumers and users now being served by the water company.

We have considered this matter and find that the proposed transfer would not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary. The action taken herein shall not 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 date hereof and on or before September 30, 1964, Carpinteria Water Company may sell and transfer its public utility water system to Carpinteria County Water District, in accordance with the terms and conditions of the Agreement of Sale and Escrow Instructions dated May 14, 1964, a copy of which is attached to the application as Exhibit C.

2. On or before the date of actual transfer, Carpinteria Water Company shall refund all customers' deposits and all advances for construction which are subject to refund and due as of said transfer date.

3. Within ten days after the actual date of transfer, Carpinteria Water Company shall file with the Commission written notification of the refunding of deposits and advances, the date of transfer, and the date upon which Carpinteria County Water District 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.

4. Upon compliance with the conditions of this order, Carpinteria Water Company shall stand relieved of its public utility obligations, and may discontinue service concurrently with the commencement of service by Carpinteria County Water District.

5. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 3rd day of June, 1964.

William W. Bennett
President
[Signature]
[Signature]
Friedrich B. Helberoff

Commissioners

The Commission's opinion fails to consider the effect of more than \$100,000 of contributions and advances to this utility. Before granting the requested authority, we should hold a public hearing to explore these items and the public's interest therein.
George T. Brewer