

ORIGINAL

Decision No. 68199

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SAN JOSE WATER WORKS, a corporation,)
 for an order authorizing (1) the)
 sale and transfer to the City of)
 Santa Clara of public utility prop-)
 erty of Applicant in the City of)
 Santa Clara and (2) the discon-)
 tinuance of service by Applicant)
 in certain territory in the City)
 of Santa Clara.)

Application No. 46917
(Filed August 24, 1964)

McCutchen, Doyle, Brown, Trautman &
 Enersen, by A. Crawford Greene, Jr.,
 for San Jose Water Works.
Robert R. Mortensen and M. Van Smith,
 for City of Santa Clara.

OPINION AND ORDER

San Jose Water Works (seller), a corporation, seeks authority to transfer a portion of its utility properties to the City of Santa Clara (buyer), and to discontinue service within that part of its present area which is served by the portion of its system to be transferred. Buyer joins in the application.

A public hearing on this application was held before Examiner Catey at Santa Clara on October 13, 1964. Copies of the application had been served and notice of hearing published in accordance with this Commission's rules of procedure. Testimony on behalf of seller was presented by one of its officers. There were no protests to the proposed transfer. The matter was submitted at the conclusion of the hearing.

Seller provides water service to portions of Santa Clara County, in and about San Jose, Los Gatos, Monte Sereno, Saratoga, Campbell, Cupertino and Santa Clara. The portion of seller's system known as its "Bethlehem System" is in an area not contiguous to seller's other territory. That system serves some 114 customers, all of whom are located within the corporate limits of buyer. Buyer owns and operates a municipal water system which serves the major portion of the city. Buyer wishes to extend its water system and, for that purpose, desires to acquire seller's Bethlehem System.

On July 2, 1964, seller and buyer entered into an agreement, a copy of which is attached to the application as Exhibit C, providing for the sale of the aforementioned small portion of seller's system. The agreed purchase price is \$45,000, payable in cash. The application states that the undepreciated book cost of the properties to be sold was \$47,739 as of December 31, 1963, that the corresponding depreciation reserve was \$11,762, that the amount of unrefunded advances for construction related to the one main extension agreement with respect to the facilities to be transferred was \$4,460, and that there are no outstanding customer deposits in the Bethlehem System.

Seller proposes to retain liability for main extension agreement refunds, either paying refunds as they become due or terminating the refund agreement by payment of a lump sum to the holder thereof. Buyer agrees to provide seller with the necessary information as to water consumption so that annual refunds can be computed if the agreement is not terminated.

The Commission finds that the proposed transfer is not adverse to the public interest and concludes that it should be authorized.

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

IT IS ORDERED that:

1. Within one year after the effective date hereof, San Jose Water Works (seller) may transfer to the City of Santa Clara (buyer) the portion of the public utility water system described herein, substantially in accordance with the terms of the agreement, Exhibit C, attached to the application.

2. Within ten days after the date of actual transfer, seller shall file in this proceeding written notification of the date of transfer and the date upon which purchaser shall have assumed operation of the water system herein authorized to be transferred.

3. Within thirty days after the date of actual transfer, seller shall file revised tariff sheets, including tariff service area maps, to discontinue the application of its present tariff schedules to the area served by the transferred properties. Such filing shall comply with General Order No. 96-A. The revised sheets shall become effective four days after the date of filing.

4. Seller shall account for the transfer herein authorized in accordance with Utility Plant Accounts Instruction 12.F., Utility Plant Sold, of the Uniform System of Accounts for Water Utilities (Class A, Class B, and Class C) prescribed by this Commission and, within sixty days after the date of actual transfer, shall file in this proceeding a copy of the journal entry or entries used to record the transfer.

5. Upon compliance with all of the conditions of this order, seller shall stand relieved of all of its public utility obligations, except refund of advances for construction, in the area served by the transferred system, and may discontinue service 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 10th day of November, 1964.

Fredrick B. Holcomb
 President

John J. [unclear]

Arthur [unclear]

William [unclear]

Commissioners

I dissent.

George T. Grover