

ORIGINAL

Decision No. 68607

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of FONTANA RANCHOS WATER COMPANY)
to approve the sale of all of its)
assets to the WEST SAN BERNARDINO)
COUNTY WATER DISTRICT and to dis-)
charge Applicant from any further)
duty under its Certificate of)
Public Convenience and Necessity.)

Application No. 46903
(Filed August 19, 1964)

Best, Best & Krieger, by James H. Krieger,
for applicant.
Orville W. McCarroll, for United California
Bank as Trustee under the Will of
Wm. Johnson, sole stockholder of Fontana
Ranchos Water Co.; and Redwine and Sherrill, by
Justin M. McCarthy, for West San Bernardino
County Water District; interested parties.
Jerry J. Levander, for the Commission staff.

OPINION AND ORDER

Fontana Ranchos Water Company, a California corporation,
was granted a certificate of public convenience and necessity by
Decision No. 42324, dated December 21, 1948, and Decision
No. 58148, dated March 24, 1959, and by this application seeks
authority to sell all of its utility properties and assets except
cash, company truck, tools and records, to the West San Bernardino
County Water District, and seeks discharge from any further duty
under its certificate.

A letter was received by the Commission dated November 10,
1964, signed by 51 persons under the heading of Citizens of the
Fontana Ranchos Water Company Service Area. The letter, among other

things, requested an opportunity to appear and be heard at a public hearing of the application.

Public hearing was held before Examiner DeWolf on December 16, 1964, at Fontana, California. No protests were entered. About 30 persons were present. There was no appearance for the citizens of the Fontana Ranchos Water Company Service Area, who had requested the public hearing.

Applicant alleges that the West San Bernardino County Water District, a public agency organized and existing under the County Water District Law of California, on December 23, 1963, filed an action, No. 118703, in the Superior Court of the State of California, in and for the County of San Bernardino, wherein the District seeks to acquire the entire waterworks system of applicant by condemnation. On June 4, 1964, the District adopted Ordinance No. 62 annexing to the District certain uninhabited territory contiguous to and including portions of the service area of applicant.

On July 29, 1964, applicant and the District entered into an agreement, a copy of which is attached to the application as Exhibit A, under the terms of which all of the assets of applicant except certain personal property were transferred to the District. The parties further agreed to the entry of a stipulated judgment in said Case No. 118703 to effect a complete transfer of title in all of the real and personal properties of applicant to the District for the sum of \$37,500. Under paragraph 5 of the

agreement the District agrees to serve the lands and inhabitants included within the service area of applicant. Applicant desires to be relieved of any further duty under its existing certificate.

Applicant alleges that the best interests of applicant's customers will be served by the transfer of its assets to the District for the reason that applicant's water system will be integrated into a larger municipal system with access to additional amounts of water and additional improvements to serve the area.

A witness for applicant testified that the allegations of the application are true and correct and that there are three outstanding main extension obligations due from applicant and that it is proposed to pay them as follows:

1. An agreement with I. L. McClure, dated July 30, 1955, provides for a refund of 35 per cent of revenues annually against a total cost of \$1,644.50. As of December 31, 1963, the balance due was \$934.66. The utility proposes to comply with the terms of the contract and, on the basis of revenues paid to the District, to make the required refunds until the end of the contract, which will be July 30, 1965.

2. A similar contract, dated July 16, 1956, with Tri City Rock Co., involved a deposit of \$4,000 as to which there was a balance of \$3,667 as of December 31, 1963. Based upon revenues paid to the District the utility proposes to refund to the contractor 35 per cent of the total water revenues derived from this line until July 16, 1966.

3. A contract with Fred Faulk, dated December 20, 1958, involves an advance of \$80 and the utility proposes to return

the entire amount to the customer when the District takes over the system.

The agreement provides that the District shall pay to applicant in consideration for such acquisition the sum of \$37,500, concurrently with the entry of judgment and the final order in the condemnation action. It is further provided that applicant shall pay all of its outstanding obligations, including, but not limited to, mainline extension refunding agreements, customers' deposits, advances for construction, taxes of any nature and obligations incurred in the ordinary course of business.

Said agreement provides that the District shall use the water system and any other such facilities available to the District for the service of existing consumers of applicant and any new consumers within the certificated area of applicant including what is commonly known as the Lopez property which is within the service area of applicant, such service to be furnished pursuant to the rules and regulations of the District. A witness for the District testified that service would be rendered to applicant's customers pursuant to its rates and rules without discrimination.

Applicant's financial report, dated March 10, 1964, on file with the Commission, shows the total number of services at the end of the year 1963 to be 220, and the balance sheet in said report discloses total assets of \$53,798.23, current and accrued liabilities of \$5,255.46, and customers' deposits in the amount of \$365.64.

Based on the evidence adduced herein, the Commission finds that the proposed transfer as hereinafter authorized would not be adverse to the public interest. The Commission concludes that the application should be granted and that applicant should make provision for payment of refunds on its outstanding main extension agreements by depositing the sum of \$1,000 in escrow.

IT IS ORDERED that:

1. On or after the effective date of this order, Fontana Ranchos Water Company is authorized, subject to the conditions of this order, to sell those public utility water system properties described in the agreement, dated July 29, 1964, attached to the application herein as Exhibit A, to West San Bernardino County Water District for \$37,500.
2. The authority granted herein shall expire one year after the effective date hereof, unless exercised.
3. When Fontana Ranchos Water Company has sold the properties described herein, it shall so certify to the Commission in writing within ten days.
4. On or before the date of actual transfer, Fontana Ranchos Water Company shall refund all customers' deposits and all advances for construction which are subject to refund and due to be refunded as of said transfer date.
5. Upon completion of the sale of the public utility properties authorized herein, and upon payment of customers' deposits, Fontana Ranchos Water Company shall stand relieved of its public utility obligations in connection with the public

utility water system herein authorized to be transferred except as to refund of advances for construction. Applicant shall certify to the Commission in writing the time of payment of said customers' deposits.

6. Before transfer of its assets the Fontana Ranchos Water Company shall deposit the sum of \$1,000 in escrow with a suitable bank, trust company or other licensed escrow agent, with escrow instructions for payment of the refunds of extension agreements, and shall file a copy of said escrow agreement with the Commission within ten days thereafter.

The effective date of this order shall be fixed by further order after compliance with paragraph 6 of this order.

Dated at San Francisco, California, this 16th day of FEBRUARY, 1965.

Fredrich B. Hollifield
President
John C. ...
George L. ...
Augustine ...
William W. ...
Commissioners