

Decision No. 68990

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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| In the Matter of the Application) | |
| of CALIFORNIA CITIES WATER COMPANY) | |
| to sell and convey certain of its) | Application No. 47436 |
| water utility properties to the) | Filed March 23, 1965 |
| City of Glendora, California, and) | |
| for ex parte handling.) | |

O P I N I O N

Applicant is a public utility water company with its principal place of business in San Dimas, California. It regularly serves customers living in the western part of the City of La Verne, the southern part of the City of Glendora, the eastern part of the City of Covina, the City of San Dimas and the unincorporated community of Charter Oak. By Decision No. 68242, dated November 24, 1964, in Application No. 47080, California Cities Water Company was authorized to merge with San Dimas-Charter Oak Domestic Water Company, San Dimas Water Company, Clinton County Water Company of Ohio, and the Columbia Land and Water Company.

A portion of applicant's water distribution system is located partly within the City of Glendora and serves approximately 502 customers who are residents of the City of Glendora, Los Angeles County, California. The City of Glendora seeks to acquire such facilities and has threatened to bring condemnation proceedings in the event that such facilities cannot be acquired by negotiation. As a result of such action on the part of the City of Glendora, applicant has agreed to sell such facilities to the City at a negotiated price of \$235,000, payable in cash, and the assumption by the City of the obligations of applicant with respect to the making of refunds accruing in the future under certain

construction advance agreements set forth in Exhibit B attached to the application. On March 5, 1965, applicant entered into an agreement with the City of Glendora providing for the sale of such facilities to the City under the terms noted above. The City of Glendora has advised applicant that it will continue the same service provided by applicant at no increase in rates to the Glendora customers. Applicant will use the money received to make additions to the remainder of its system and to pay off a portion of a mortgage note held by Pacific Mutual Life Insurance Company.

The Commission finds that:

1. The proposed purchase agreement does not provide adequate protection to present and future customers within seller's dedicated areas of service from discrimination in regard to rates and conditions of service.

2. Upon filing of a stipulation by purchaser regarding service obligations and absence of discrimination between customers inside and outside purchaser'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 order to follow.

A public hearing is not required.

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

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, California Cities Water Company may transfer and sell to the City

of Glendora that part of its public utility water system located partly within the City of Glendora, essentially in accordance with the terms and conditions of the agreement, Exhibit 1 attached to the application, and subject to the conditions of this order.

2. The foregoing authority is conditioned upon the filing in this proceeding of a stipulation by purchaser that:

- a. Purchaser will be 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 boundaries of purchaser.
- b. As to the rates, rules and conditions of service which purchaser will apply within the service area of the system herein authorized to be transferred, it will not discriminate between service rendered outside of the city boundaries and service rendered inside of 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 city boundaries in subsidizing the operation of purchaser's water system.

3. On or before the date of actual transfer, seller shall pay to main extension agreement holders any refunds accrued through December 31, 1964 and shall return to customers any refundable deposits made to establish credit.

4. Within six months after the date of actual transfer, seller shall file in this proceeding written notification of the refunding of advances and deposits, the date of transfer, and the date upon which purchaser shall have assumed operation of the water system authorized herein to be transferred. A true copy of the instrument or instruments of transfer shall be attached to the written notification.

5. Upon compliance with all of the conditions of this order, seller shall stand relieved of all of its public utility obligations

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 established by supplemental order herein, after purchaser shall have complied fully with the requirements of ordering paragraph 2.

Dated at San Francisco, California, this 4th day of MAY, 1965.

Frederick B. Holbrook
President
John S. Mitchell
George A. Trover
Augustus
William W. Bennett
Commissioners