

ORIGINAL

Decision No. 69444

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of DYKE WATER COMPANY, a corpora-
tion, for an order authorizing it
to sell, transfer and convey its
remaining water service system
and utility plant in Orange County,
California, to the CITY OF WEST-
MINSTER, a municipal corporation,
under provisions of Section 851
of the Public Utilities Code, and
for an order of the Commission
relieving said Dyke Water Company
of its utility obligation for
public water service in said
Orange County.

Application No. 47601
(Filed May 20, 1965)

INTERIM OPINION AND ORDER

By this application in which the City of Westminster joined on May 27, 1965, Dyke Water Company seeks authority to transfer its water system properties to said city. The properties to be transferred constitute the total remaining water system and utility plant of applicant and are those identical properties (except for one 7½-acre parcel of land and buildings thereon) for which the City has heretofore sought through its Application No. 44637, as amended, determination of just compensation for said properties.

Under date of May 14, 1965, applicant and the city entered into an agreement for the sale and purchase of the subject water system for a cash purchase price of \$1,116,816.^{1/} The depreciated book cost of the properties is reported by applicant to be \$785,640.25.

1/ This total is the sum of \$1,067,000 determined by agreement reached January 20, 1965 plus the sum of \$49,816 representing additions and betterments from January 20 to August 1, 1965.

At the present time applicant's Westminster system serves approximately 4,050 service connections, 1,620 of which are metered, from 18 operating wells. When the system is operated by the City, it will be interconnected with the city's water system which presently serves approximately 6,000 customers. Upon acquisition of applicant's system, the city will undertake to meter all flat rate services acquired. No water utility customer of applicant will be left unserved.

Under the terms of the acquisition agreement, the city will not assume any prior obligations of the seller, particularly with respect to main-extension agreements, refund agreements or other advances in aid of construction contracts. Applicant reports that there is an outstanding balance of approximately \$53,000 in such obligations and that applicant will retain the obligations for their payment. The city has agreed to keep and maintain adequate records of the revenues pertaining to said contracts and to supply such information and data for use in determining future refunds applicable to said contracts.

The city has informed the Commission that the citizens of Westminster have voted bonds in the amount of \$2,500,000 for the improvement of their water system, including the purchase of the Dyke properties. No opposition to the proposed sale has been brought to the attention of the Commission.

The city urgently requests that it be permitted to take over the properties as of August 1, 1965. Applicant also urgently requests authorization of the sale by such date.

On the basis of the pleadings and the information before it, the Commission finds that the proposed transfer and sale will not be adverse to the public interest and concludes that the

transfer should be authorized subject to certain conditions as hereinafter set forth.

The Commission's accounting experts are presently engaged in an examination of applicant's accounting records, main-extension refund agreements and other data to determine the amount of sale proceeds which should be set aside for the refund of customer deposits, refunds on main-extension contracts now due and payable in the future and any other liabilities which should be satisfied or provided for out of sale proceeds. The results of their examination will indicate to some degree the conditions to be imposed in the public interest as to the disposition of the proceeds of the sale, without affecting the foregoing finding that the sale itself is not adverse to the public interest. For the purposes of receiving the staff study and other pertinent information in evidence, public hearing will be set at the earliest practicable date.

IT IS ORDERED as follows:

1. On or after the date hereof and on or before December 31, 1965, Dyke Water Company may transfer and sell to the City of Westminster its public utility water system described in the application herein and generally known as its Westminster system, in accordance with the terms and conditions contained in the "Waterworks System Acquisition Agreement - 1965" attached to the application herein as Exhibit No. 1 thereof.
2. The foregoing authority to transfer and sell is conditioned upon full compliance with the following ordering paragraphs numbered 3 and 4.
3. By not later than the date of actual transfer, Dyke Water Company shall have refunded all customers' deposits (in

Account 227 and pertaining to the system to be transferred) which customers are entitled to have refunded, with interest thereon computed in accordance with the tariffs thereto pertaining, and shall have filed in the record in this proceeding a verified statement as to the disposition of said account.

4. The full amount of the proceeds of sale shall be placed in escrow, with an escrow holder acceptable to this Commission, and with instructions to such escrow that no part of said amount shall be disbursed without further order of this Commission. Further, Dyke Water Company and the City of Westminster shall jointly file in this proceeding a true copy of the escrow instructions to such effect.

5. Within ten days following the date of transfer, Dyke Water Company and the City of Westminster shall jointly inform this Commission in writing of the actual date of transfer and of the date upon which the latter shall have assumed operation of the water system herein authorized to be transferred.

6. Public hearing in this matter, for the purposes hereinabove set forth, shall be held before Examiner Emerson in the Commission's courtroom, 107 South Broadway, Los Angeles, commencing at 10 o'clock a.m. on Tuesday, August 10, 1965.

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

Dated at San Francisco, California, this 27th day of July, 1965.

Fredrick B. Holhoff
President
George T. Drown
Augusta
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.