

ORIGINAL

Decision No. 69576

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)

BRUCE E. BAIRD AND NEVA B.)
BAIRD, dba BRUCE E. BAIRD)
WATER COMPANY and CALIFORNIA)
WATER SERVICE COMPANY, a)
corporation,)

for an order authorizing (1))
the sale and transfer to)
California Water Service)
Company of the water system)
and Certificate of Public)
Convenience and Necessity of)
the Bruce E. Baird Water)
Company, (2) the discontinuance)
of service by Bruce E. Baird)
and Neva B. Baird in the)
territory now served by the)
Bruce E. Baird Water Company)
and (3) the commencement of)
service in said territory by)
California Water Service)
Company.)

Application No. 47792
Filed August 4, 1965

O P I N I O N

This is an application for an order of the Commission (1) authorizing Bruce E. Baird and Neva B. Baird, doing business as Bruce E. Baird Water Company, to sell and transfer a certificate of public convenience and necessity and related water utility properties, and to withdraw from the public utility business, and (2) authorizing California Water Service Company to acquire said assets and to continue the water utility operations of Bruce E. Baird and Neva B. Baird.

The sellers own and operate the public utility water system known as Bruce E. Baird Water Company, which supplies and distributes water for domestic purposes in an area located in the northwestern part of the City of Salinas, Monterey County. Operations are conducted pursuant to a certificate of public convenience and necessity granted by the Commission in Decision No. 33242, dated June 25, 1940, in Application No. 23389. The balance sheet, annexed to the application as Exhibit No. 1, indicates that as of December 31, 1964 the utility's net plant amounted to \$43,105.07 after deduction of the depreciation reserve. It discloses further that total assets of \$43,443.14 were offset by current and accrued liabilities amounting to \$11,662.85 and by construction advances and proprietary capital in respective sums of \$1,796.11 and \$29,984.18. For the year 1964, the utility reports \$9,941.42 operating revenues, a \$5,389.87 net loss, and at year-end 297 active service connections, excluding fire hydrants.

California Water Service Company is a California corporation engaged as a public utility in the business of supplying and distributing water for domestic and industrial purposes in many localities in the State of California, including the area served by its Salinas District which is contiguous to the sellers' territory. In this application the company proposes to purchase the water system, operative rights and certain related assets of Bruce E. Baird and Neva B. Baird. Under the terms of a contemplated Agreement

of Sale, a copy of which is attached to the application as Exhibit No. 3, the purchaser agrees to pay a cash consideration of \$50,000 and to assume the obligation of paying refunds on an existing water main extension agreement. Sellers will retain accounts receivable, cash and unbilled revenues and will refund to customers the amount of any refundable deposits made to guarantee payment of bills.

The application shows that the existing rate schedules of Bruce E. Baird and Neva B. Baird were authorized by Decision No. 68743, dated March 17, 1965, in Application No. 47030 and that because of the illness of Bruce E. Baird, the sellers have been unable to comply with certain conditions of said decision. The buyer asserts that it will assume the responsibility to complete such requirements and it requests that the compliance dates specified in Ordering Paragraphs No. 5 and No. 6 of said Decision No. 68743 be extended to a date within sixty days after the transfer of the system. In addition, the buyer seeks authorization to change the dates under Special Conditions No. 3 and No. 4 in sellers' Schedule No. 2X - Limited Business Flat Rate Service, to a date within sixty days from the date of transfer of sellers' properties.

By Decision No. 63384, dated March 6, 1962, in Application No. 43341, the Commission granted a certificate of public convenience and necessity to Crystal Water Co., a corporation, relating to a water system in territory which includes an area previously certificated to, but never served

by, Bruce E. Baird and Neva B. Baird. To clarify the existing operative rights which the sellers propose to transfer, it appears appropriate that the order in this proceeding eliminate that portion of their certificated area which overlaps into the territory of Crystal Water Co.

Applicants allege that the terms of the proposed sale and transfer are reasonable and that the acquisition, operation and maintenance of sellers' water system by California Water Service Company will be in the public interest.

The Commission has considered this matter and finds that: (1) the sale and transfer to California Water Service Company of the water utility business, operative rights and related assets of Bruce E. Baird and Neva B. Baird, doing business as Bruce E. Baird Water Company, will not be adverse to the public interest; (2) the operative rights included in said sale and transfer overlap into the territory now served by Crystal Water Co., and (3) there will be no change in rates as a result of the transfer. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted. The action taken herein shall not be construed as a finding of the value of the properties authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. The certificate of public convenience and necessity granted by Decision No. 33242, dated June 25, 1940, in Application No. 23389, to Bruce E. Baird and Neva B. Baird, doing business as Bruce E. Baird Water Company, is hereby modified to exclude therefrom that portion of the area which overlaps into territory included in the certificate of public convenience and necessity granted to Crystal Water Co. by Decision No. 63384, dated March 6, 1962, in Application No. 43341.

2. Bruce E. Baird and Neva B. Baird may sell and transfer to California Water Service Company the operative rights as modified herein and the water system described in the map annexed to the application as Exhibit A of Exhibit No. 3, together with other related assets referred to in the application.

3. California Water Service Company may purchase and acquire said water utility business and related assets and may assume the obligation to pay refunds on a main extension contract, pursuant to the terms of the Agreement of Sale attached to the application as Exhibit No. 3.

4. California Water Service Company shall account for the acquisition of the properties herein authorized to be transferred in accordance with the requirements of Plant Instruction No. 4 of the Uniform System of Accounts for Water Utilities (Class A, Class B, and Class C). Within sixty days after the consummation of the transfer, it shall file with the Commission a copy of each journal entry used to record the transfer on its books of account.

5. On or before the date of actual transfer, sellers shall (a) refund all customers' deposits, if any, which customers are entitled to have refunded, and (b) transfer and deliver to purchaser all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred, and purchaser shall receive and preserve the same.

6. California Water Service Company may operate the facilities known as Bruce E. Baird Water Company as a zone of its Salinas District.

7. If the authority herein granted to transfer properties is exercised, California Water Service Company, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

8. California Water Service Company shall file, within five days after the effective date of the transfer, a notice of adoption of the presently filed tariff schedules of Bruce E. Baird Water Company.

9. The rates and rules of Bruce E. Baird Water Company now on file with the Commission shall be refiled within thirty days after the effective date of the transfer under the name of California Water Service Company, in accordance with the requirements of General Order No. 96-A, except that California Water Service Company may withdraw such rules and standard forms of Bruce E. Baird Water Company as are substantially identical with the rules and standard forms of California Water Service Company and withdrawal of which will not result in increases or more restrictive conditions in the presently filed tariff schedules.

10. California Water Service Company, upon adoption of the sellers' presently filed tariffs, may change the dates under Special Conditions No. 3 and No. 4 of Schedule No. 2X - Limited Business Flat Rate Service, to a date within sixty days from the date of actual transfer.

11. In assuming responsibility to meet certain conditions formerly imposed on Bruce E. Baird and Neva B. Baird by Decision No. 68743, dated March 17, 1965, in Application No. 47030, California Water Service Company shall comply with the requirements set forth in Ordering Paragraphs No. 5 and No. 6 of said decision within sixty days from the date of actual transfer.

12. On or before the end of the third month after the consummation of the transfer as herein authorized, California Water Service Company shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the sellers for the period commencing with the first day of the current year to and including the date of the transfer.

13. Upon compliance with the terms and conditions of the transfer, Bruce E. Baird and Neva B. Baird shall stand relieved of all further public utility obligations in connection with the operations of the public utility water system herein authorized to be transferred.

14. The effective date of this order is the date hereof. Any authority herein granted and not exercised will expire December 31, 1965.

Dated at San Francisco, California,
this 29th day of AUGUST, 1965.

Frederick B. Helms
President
George H. Grover
Richard
William C. Bennett
Commissioners