

ORIGINAL

Decision No. 69697

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of BOWEN LAND COMPANY, INC. and the CITY OF FRESNO, a municipal corporation, for an order authorizing the former to sell and the latter to buy a public utility water system.

Application No. 47760
(Filed July 21, 1965)

O P I N I O N

Applicant operates a public utility water company which serves an area adjacent to the City of Fresno. The applicant on July 19, 1965 entered into an agreement to sell its system to the City of Fresno for the sum of \$25,000 in cash. The City will operate and maintain the system as soon as the sale is completed. The City presently serves customers adjacent to the service area of the seller and has transmission and distribution lines which can immediately be connected with the water lines of the seller through which an adequate supply of water can be furnished from the existing water supply of the City. It is anticipated that the area served by the seller will soon become a part of the City of Fresno. The City will charge \$4.05 per month as a minimum flat rate for consumers living outside the city limits which is a reasonable charge for water service here involved.

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, Bowen Land Company, Inc., may transfer and sell to the City of Fresno its public utility water system located adjacent to the City of Fresno, substantially in accordance with the terms and conditions of the agreement, Exhibit B 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, 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 21st day of SEPTEMBER, 1965.

Fredrick B. Holbeck
President
Arthur E. Fisher
Attorney
Augustor

William L. Burnett
Commissioners

I concur in the order.
George H. Grover