

ORIGINAL

Decision No. 69740

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 the THERMAL WATER SYSTEM for Authority)
 to Sell and Transfer all of the Public)
 Utility Property Thereof to the)
 COACHELLA VALLEY COUNTY WATER DISTRICT)
 and to Terminate the Operation of a)
 Public Utility Water System.)

Application No. 47849
(Filed August 26, 1965)

O P I N I O N

By the application herein, Gilberta A. Hazmon (Seller), an individual doing business as Thermal Water System, seeks authority to sell her public utility water system properties and assets to the Coachella Valley County Water District (Purchaser). Both Seller and Purchaser have joined in the application herein.

The Seller and her predecessors have been furnishing water to the community of Thermal, Riverside County, California, since prior to 1912 (Decision No. 62330, dated July 25, 1961, in Application No. 43213). The records of this Commission show that she has no contracts for advances for construction.

The reasons for the sale, as stated in the application, are that the Seller's certificated area is surrounded by other water purveyors including the Purchaser; that this fact makes it impossible for her to expand her operation to a more economic unit; that she lacks the personnel and staff to provide the proper level of services in the light of rising costs; and that the economics

of this small system do not justify the expense of the proper staff and engineering services.

The application shows that as of August 3, 1965, Seller had approximately 133 domestic water services; that as of June 30, 1965 she had a utility plant valued at \$31,085 and a depreciation reserve of \$12,920, leaving a net utility plant of \$18,166, together with landed capital valued at \$1,175; and that she also had materials and supplies valued at \$2,527. All such assets were unencumbered.

Under date of July 27, 1965, the Seller and the Purchaser executed an agreement (Exhibit 1 on the Application) for the sale to the Purchaser of the public utility assets of the Seller, exclusive of cash and receivables. The stated purchase price is \$63,700, plus additions and less deletions of lines, if any, made after June 10, 1964 and before the date of transfer. The terms are \$7,500 cash at the time of transfer of title of the assets to the Purchaser, with the remaining balance payable on a formula set forth in the agreement. The minimum monthly payment is to be \$500, including principal and interest. The interest is payable at the rate of four per cent per annum and accrues on the effective date of the transfer. The effective date of the transfer of title to the property is stated to be "July 31, 1965, or such other date as ordered by the Public Utilities Commission". The Purchaser agreed that after the date of transfer it will assume the obligation of providing water service to the present consumers of the Seller and "to such other consumers and other landowners as may in the future request water service in the certificated service

area of Thermal". This service is to be furnished pursuant to the Purchaser's rules and regulations.

The agreement became binding on the parties on execution, subject to approval by this Commission. The agreement was executed on July 27, 1965.

The Commission finds that the proposed transfer will not be adverse to the public interest. The Commission concludes that the proposed transfer should be authorized and that a public hearing is not necessary.

ORDER

IT IS ORDERED that:

1. Gilberta A. Harmon is authorized, after the effective date of this order, to sell and transfer the public utility water system properties described in the agreement dated July 27, 1965, attached to Application No. 47349 as Exhibit 1, to Coachella Valley County Water District in conformance with the provisions of said Exhibit 1.
2. The authority herein granted to Gilberta A. Harmon shall expire one year after the effective date hereof unless exercised.
3. Within five days after the date of actual transfer:
 - (a) The Seller and the Purchaser jointly shall file in this proceeding a written statement showing the date of transfer, together with a true copy of each document evidencing the transfer, including Exhibit 1 herein.
 - (b) The Seller shall file a written cancellation of all her tariffs on file with this Commission.

4. When Gilberta A. Harmon has complied with the provisions of this decision, she shall so certify to the Commission in writing within ten days thereafter. She shall thereupon stand relieved of all public utility obligations in the area served by the transferred system and may discontinue service concurrently with the commencement of service by the Purchaser.

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

Dated at San Francisco, California, this 30th day of SEPTEMBER, 1965.

Fredrick P. Halaloff
President
Augusta
William B. Bell

Commissioners

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

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.