

**ORIGINAL**Decision No. 70076

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 DEL MAR UTILITIES and the CITY OF  
 DEL MAR for permission to sell the  
 physical assets of Del Mar Utilities  
 to the City of Del Mar, and to ter-  
 minate the operation of a public  
 utility water system.

Application No. 47915  
 Filed September 23, 1965

O P I N I O N

Del Mar Utilities (Company) and the City of Del Mar (City) join in an application for authority to transfer the company's water system to the city. A letter dated October 14, 1965 from the City Clerk certifies the result of an election held in that city on June 22, 1965. This letter will be included in the record as Exhibit 1.

It appears from Exhibit 1 that there were 567 yes votes and 156 no votes on the proposition to issue \$570,000 in revenue bonds to acquire, among other things, the company's water system.<sup>1</sup> The company has agreed to sell the system to the city for the sum of \$250,392 which is stated to be less than its value as fixed by the city's experts.

The Commission finds that:

1. The proposed sale and transfer will not be adverse to the public interest.
2. The City of Del Mar has the financial resources to acquire and operate the Del Mar water system.

The Commission concludes that the application should be granted as provided by the following order.

<sup>1</sup> Del Mar Utilities also owns the sewer system. The voters decided to acquire that, also.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Del Mar Utilities (seller) may sell and transfer to the City of Del Mar (purchaser) the water system referred to herein, substantially in accordance with the terms described in the agreement attached to the application herein as Exhibit A.

2. On or before the date of actual transfer, seller shall refund all customers' deposits and shall refund all advances for construction, if any, which are due and payable as of the date of transfer.

3. Within five days after the date of actual transfer, seller and purchaser jointly shall file in this proceeding a written statement showing:

- a. The date of transfer. A true copy of the instrument of transfer shall be attached to the statement.
- b. The dates of compliance with the foregoing ordering paragraph 2.

4. Before the transfer of its water system assets, seller shall refund all advances for construction or shall deposit a sufficient sum of money in escrow with a suitable bank, trust company or other licensed escrow agent, with escrow instructions for payment of the refunds of extension agreements and shall file a copy of said escrow agreements, or statement that all advances have been refunded, with the Commission within ten days thereafter.

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

6. 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; and (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.

The effective date of this order shall be established by supplemental order herein after compliance with paragraphs 4 and 6 of this order.

Dated at San Francisco, California, this 8<sup>th</sup> day of DECEMBER, 1965.

Frederick B. Holdhoff  
 President  
William L. Binnick  
George T. Hood

Commissioners

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

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.