

**ORIGINAL**Decision No. 70235

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RANCHO RAMON WATER CO.,  
 a corporation, and the YUCCA VALLEY  
 COUNTY WATER DISTRICT for permission  
 to sell the physical assets of the  
 RANCHO RAMON WATER CO. to the YUCCA  
 VALLEY COUNTY WATER DISTRICT.

Application No. 47990  
 (Filed October 21, 1965;  
 Amended November 15, 1965)

O P I N I O N

Rancho Ramon Water Co., a corporation (Rancho), seeks authority to sell all properties comprising Paradise Valley Water System to Yucca Valley County Water District (Yucca), a public agency organized under the County Water District Law (Sections 30,000 et seq., Water Code).

The physical properties and rights sought to be transferred to Yucca consist of the entire utility plant known as Paradise Valley Water System in the area known as Yucca Mesa in the County of San Bernardino, and described as Sections 17, 18, 20 and 29, Township 1 North, Range 6 East, San Bernardino Base and Meridian. The original cost of the properties Rancho desires to transfer to Yucca is \$264,165.62 and the book value of the properties as of June 30, 1965, after depreciation, was \$242,234. The properties, and their original cost, are shown in Table I.

TABLE I  
Properties Proposed to be Transferred  
 and Their Original Cost

<u>Item</u>	<u>Cost</u>
Structures and Improvements	\$ 277.62
Wells	7,940.68
Pumping Equipment	4,431.85
Reservoirs and Tanks	27,918.99
Transmission & Distribution Mains	195,468.16
Services	9,515.97
Meters	5,961.75
Hydrants	2,864.20
Land, Land Rights, Other Tangibles	8,926.40
Capacity Rights in Facilities of Mountain Mutual Water Company	<u>860.00</u>
Total	\$264,165.62

Mountain Mutual Water Company is a mutual water company serving an area immediately adjacent to Paradise Valley Water System. The two water systems are interconnected.

The terms of the agreement between Rancho and Yucca for the sale of the water system are set forth in a contract of purchase entered into by the parties on June 8, 1965. Briefly stated, Yucca proposes to pay Rancho \$246,400 for all properties and facilities comprising Paradise Valley Water System together with all of Rancho's interest in the capacity rights in the facilities of Mountain Mutual Water Company. Yucca does not propose to assume any obligation for customer deposits or for unrefunded amounts due on any main extension contracts, nor for any deposits with Rancho for construction of facilities made by

persons desiring to be connected with the water system. The agreement for purchase is expressly conditioned upon the simultaneous closing of an escrow between Yucca and Mountain Mutual Water Company for the purchase and acquisition of the latter's water system by Yucca.

By Decision No. 69255, dated June 15, 1965, in Application No. 47381, the Commission authorized Rancho to sell its Paradise Valley Water System together with its interest in the capacity rights in the facilities of Mountain Mutual Water Company to Joshua Basin County Water District (Joshua). The agreement between Rancho and Joshua recognized a prior right of Yucca to purchase that property if Yucca desired to exercise it before January 20, 1966. The Commission, in said Decision No. 69255, imposed certain conditions to be met by Rancho and by Joshua for authority to consummate the transfer. In the instant application Yucca and Rancho have stipulated that the authority sought herein may be made subject to those same conditions.

A brief description of the background of events prior to the transaction involved herein is desirable. Rancho formerly operated a number of water systems in San Bernardino County and in Riverside County. In 1961 the systems in Riverside County were acquired by Coachella Valley County Water District pursuant to a judgment in condemnation. Rancho's financial statement attached to the application shows a balance due to Rancho on that judgment of \$1,969,176. By Decision No. 69255, supra, the Commission authorized Rancho to transfer all of its water systems in San Bernardino County to Joshua pursuant to a certain agreement

entered into by the parties on January 20, 1965. That agreement provided that the sale of the Paradise Valley Water System would not be consummated if Yucca entered into an agreement with Rancho and with Mountain Mutual Water Company by January 20, 1966 for the purchase of those systems. It also provided for the lease by Joshua from Rancho, with an option to buy, of the Las Casitas Water System. The term of the lease is until March 12, 1983 and the option to buy extends for 30 days commencing April 1, 1966. The Commission authorized Rancho "to lease and/or sell" the Las Casitas Water System to Joshua and to transfer the other properties under the terms of the agreement subject to a number of conditions, including:

- (1) All customers' deposits which are subject to refund shall be refunded by Rancho within 30 days.
- (2) Rancho shall adjust to actual cost and refund when due all advances for construction.
- (3) Rancho shall file with the Commission evidence that it has provided an adequate guaranty to assure payment of refunds due or to become due on all main extension agreements.
- (4) Joshua will file a stipulation that:
  - a) It will be subject to all legal claims for water service which might have been enforced against Rancho.
  - b) It will, where any person has advanced money to Rancho for installation of facilities and the facilities have not been installed and the money has not been refunded, proceed at the expense of Rancho to install the facilities.
  - c) It will not discriminate between service rendered outside of the District boundaries and service rendered inside of said boundaries, except insofar as it may adjust outside rates and charges to offset any reasonable tax burden sustained by water users within the District boundaries in subsidizing the operation of the District's water system.

A. 47990 ds/ab\*

In the instant application Yucca has stipulated to the conditions set forth in paragraph (4) above. Rancho has stated that it will refund all customer deposits and advances for construction of facilities and as evidence of a guaranty to assure the payment thereof, it will assign to Pearson, Scott & Co., as escrow holder, the sum of \$149,478.17 that is owing to Rancho under the judgment it holds against Coachella Valley County Water District. The sum of \$149,478.17 represents the amount subject to refund on main extension agreements applicable to all of the systems to be transferred to Joshua and to Yucca.

We find that:

1. Subject to the aforementioned conditions, as modified by the order herein, the proposed transfer will not be adverse to the public interest. Said conditions are necessary to provide adequate protection to present and future customers within the dedicated area of service of Paradise Valley Water System from discrimination in regard to rates, conditions of service, installation of facilities and advances for construction.

2. There is no showing in the application upon which the Commission may determine whether the payments to be made to Rancho by Coachella Valley Water District pursuant to the aforementioned judgment of \$1,969,176 will be both sufficient in amount and paid in time to meet Rancho's refund obligations on the outstanding balance of \$149,478.17 in refundable main extension advances involved herein.

3. Inasmuch as Yucca does not assume Rancho's refund obligations the order herein should establish suitable guarantees that refunds of main extension advances will be paid as they become due.

4. A public hearing is not necessary.

We conclude that the proposed transfer should be authorized subject to the conditions in the order herein. The action being taken 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. Rancho Ramon Water Co., a corporation, is authorized, after the effective date hereof, and subject to the conditions set forth herein, to sell the public utility water system properties described in the agreement dated June 8, 1965 (Exhibit A attached to Application No. 47990) to Yucca Valley County Water District, a public agency, in accordance with the terms of said agreement.

2. The authority granted in paragraph 1 hereof is subject to the following conditions:

- (a) Within thirty days after the date of transfer of the properties Rancho Ramon Water Co. shall refund all customers' deposits and shall provide a guaranty to assure payment of refunds on all unrefunded main extension agreements which become due.
- (b) Rancho Ramon Water Company shall, prior to the transfer authorized herein, establish a trust which shall consist of the receipt by Pearson, Scott & Co., as trustee, of the amount of \$149,478.17 from the proceeds of said transfer, for the sole purpose of providing a fund for the payment of refunds due or to become due on Rancho's main extension agreements involved herein. The terms of the trust shall be such that no payments may be made therefrom except upon the written authorization of this Commission or its Secretary.
- (c) Rancho Ramon Water Company may petition the Commission to reopen this proceeding and to modify the trust provided for in paragraph 2(b) above. Such petition may include a showing that payments to be received from the balance due Rancho on the judgment against Coachella Valley County

Water District will guarantee payment of said main extension refunds as they become due.

- (d) After the transfer Yucca Valley County Water District shall be subject to all legal claims for water services which might have been enforced against Rancho Ramon Water Co., including such claims as may exist in territory outside of the boundaries of the District.
- (e) After the transfer Yucca Valley County Water District shall, where any person has advanced money to Rancho Ramon Water Co. for installation of facilities and the facilities have not been installed and the money has not been refunded, proceed at the expense of Rancho Ramon Water Co. to install the facilities.
- (f) As to the rates, rules and conditions of service which Yucca Valley County Water District will apply within the service area of the system herein authorized to be transferred, it will not discriminate between service rendered outside of its boundaries and service rendered inside of said boundaries, except insofar as it may adjust such outside rates and charges to offset any reasonable tax burden sustained by water users within the District boundaries in subsidizing the operation of its water system.
- (g) Yucca Valley County Water District shall make available annually, to Rancho Ramon Water Co. and Pearson, Scott & Co., such records or reports as are necessary for the computation of refunds of all unrefunded main extension agreements.

3. The authority herein granted shall not become effective unless within sixty days after the effective date of this order Rancho Ramon Water Co. and Yucca Valley County Water District shall have filed in writing with the Commission acceptance of the authority and the conditions set forth in paragraph 2 hereof; and, in any event, the authority granted herein shall expire if not exercised by December 31, 1966.

4. Rancho Ramon Water Co. shall, within ten days after the establishment of a trust in the amount of \$149,478.17 with Pearson, Scott & Co., as trustee, file with the Commission a true copy of the agreement establishing such trust.

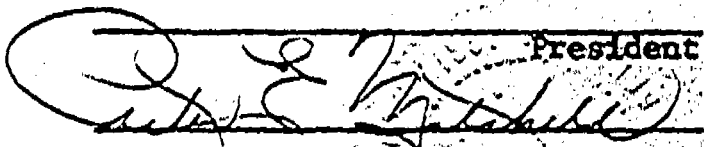
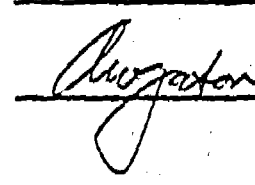
5. Rancho Ramon Water Co. shall submit, or cause to be submitted, reports in the form and manner to be designated by the Secretary of the Commission showing refunds made of customers' deposits and advances for construction and balances remaining unrefunded.

6. Within ten days after the date of transfer of the properties Rancho Ramon Water Co. shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

7. Upon completion of the sale of the public utility properties authorized herein, Rancho Ramon Water Co. shall stand relieved of its public utility obligations in connection with the public utility water system herein authorized to be transferred except as to refund of the unrefunded main extension advances which become due.

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

Dated at San Francisco, California, this 11th day of JANUARY, 1966.

  
 \_\_\_\_\_ President  
  
 \_\_\_\_\_  
 \_\_\_\_\_ Commissioners

*We concur in the order.*

*Frederick B. Holshoff  
George A. Grover*