

Decision No. 70772

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Determination of the Just Compensation to be paid by the City of Anderson for the Anderson Water Company, a public utility.

Application No. 46633  
(Filed May 14, 1964)

Application of BERNARD R. STEFFEN and MARY J. STEFFEN, doing business as Anderson Water Company for approval of sale of public utility water system to the City of Anderson, California, a Municipal Corporation, which joins in said application.

Application No. 48323  
(Filed March 18, 1966)

O P I N I O N

Bernard R. and Mary J. Steffen (Steffen) and the City of Anderson (City) join in an application to sell Steffen's "Anderson Water Company" to City.

City has initiated a proceeding (Application No. 46633) before the Commission to fix just compensation for the system involved here. There have been no proceedings in Application No. 46633 since May 1965. In July of that year a stipulation was filed authorizing the Commission to find that \$177,500 would be just compensation. This is the price named in the agreement attached to Application No. 48323 as Exhibit A with the actual cost of additions and betterments since May 14, 1965.

The agreement mentions one main extension agreement. The parties have agreed that the Steffens will continue to be responsible for refunds on this obligation. The City agrees to provide the Steffens with a statement of revenues each year to enable them to determine the amount of refunds to be paid.

The utility serves about eight hundred customers. City is acquiring all the water systems in its area so that they can be modernized and interconnected, the voters having approved a bond issue in the amount of \$700,000 for this purpose. It is alleged that Anderson Water Company is entirely within the city limits. It is also alleged that City has recently acquired Anderson Heights Water Company under authority from this Commission.

With the granting of this application, Application No. 46633 will become moot and should be dismissed.

The Commission finds that:

1. The proposed sale and transfer will not be adverse to the public interest.
2. The City of Anderson has the financial resources to acquire and operate the Anderson Water Company.

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

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Bernard R. Steffen and Mary J. Steffen (sellers) may sell and transfer to the City of Anderson (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, sellers shall refund all customers' deposits and all amounts under advances for construction agreements representing refunds due and payable as of the date of transfer.

3. Within five days after the date of actual transfer, sellers 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 their water system assets, sellers 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 future refunds on 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, sellers shall stand relieved of their public utility obligations in the area served by the transferred system except for future refunds of advances for construction and may discontinue service concurrently with the commencement of service by purchaser.

6. Application No. 46633 is dismissed without prejudice, said dismissal to be effective concurrently with the effective date of this order.

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

Dated at San Francisco, California, this 24<sup>th</sup> day of May, 1966.

*I will file a dissenting opinion.*  
*George E. Grover*

*Frederick B. Hallock*  
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President

*Arthur E. Mitchell*  
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Attorney

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Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

Application No. 46633  
Application No. 48323

DISSENTING OPINION OF COMMISSIONER GROVER

I dissent.

*586* <sup>Past</sup>  
~~Present~~ developers have made substantial contributions  
to this company's utility plant, contributions which this  
Commission, in a rate proceeding, would deduct from rate base.  
If we ignore those contributions in this transfer proceeding,  
the purchase price seems unduly high, and I am led to the  
conclusion that part of the purchase price is in fact a  
payment for contributed plant. The effect of today's approval,  
therefore, is to allow the company to obtain through a sale  
what we would not allow it to obtain in a rate case.

*George G. Grover*  
George G. Grover, Commissioner

San Francisco, California

May 24, 1966