

ORIGINALDecision No. 71097

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of REDWAY WATER COMPANY,
 a California corporation, to transfer
 public utility water system known as
 REDWAY WATER COMPANY, a California
 corporation, Redway, Humboldt County,
 California, to REDWAY COMMUNITY
 SERVICES DISTRICT.

Application No. 48567
 (Filed June 20, 1966)

O P I N I O N

The Redway Water Company (seller), a corporation, seeks authority to transfer its public utility water system to Redway Community Services District (buyer). Buyer joins in the application.

Seller, as of December 31, 1965, had 431 active service connections, including 8 for fire protection, by which it served residential and commercial customers at metered and flat rates to the community of Redway, Humboldt County. The application does not delineate the relative boundaries of the seller's service area and of buyer.

On February 11, 1966, seller and buyer entered into an agreement, a copy of which is attached to the application, providing for the sale of the water system and all assets of seller. The agreed purchase price is \$85,000 to be paid in cash within a reasonable time after the authorization by the voters within the territorial limits of buyer of the issuance of bonds for such purpose.

Seller's annual report to this Commission for the year 1965, hereby incorporated as a part of the record by reference, shows as of the end of that year utility plant in the amount of

\$160,544.73, a depreciation reserve of \$27,874.12 and no customer deposits, advances for construction or contributions in aid of construction.

The principal reasons for this sale are that the recently formed buyer desires to acquire said water works and that since buyer will be eligible for public assistance to publicly owned water works, which is not available to privately owned water works, buyer will be able to furnish better service. Applicant alleges that it believes it is in the public interest that said water system be sold to buyer.

Inasmuch as this record does not indicate that seller's dedicated area of service is entirely within the boundaries of buyer, the transfer authorized herein will be conditioned upon the filing of certain stipulations by buyer to protect the interest of customers outside buyer's boundaries.

We find that:

1. The purchase agreement does not specify the disposition of any deposits and advances which may have been made by, or in the interest of, customers of seller.
2. Buyer has the ability to acquire and operate seller's water system without interruption in service.
3. Upon the consummation of the proposed transfer seller will no longer be performing public utility service.
4. Subject to the conditions set forth in the order which follows, the proposed sale and transfer will not be adverse to the public interest.

We conclude that the application should be granted as provided by the following order and that a public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Redway Water Company, a corporation, may sell and transfer to the Redway Community Services District the properties referred to herein, substantially in accordance with the terms described in the agreement attached to the application herein and designated as Exhibit A-1, but subject to the conditions of this order.

2. The foregoing authority is conditioned upon the filing in this proceeding of a stipulation by buyer that:

- (a) Buyer 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 purchaser's boundaries.
- (b) As to the rates, rules and conditions of service which buyer will apply in the service area of the system herein authorized to be transferred, it will not discriminate between service rendered outside its district boundaries and service rendered inside 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 in subsidizing the operation of the district's water system.

3. On or before the date of actual transfer, seller shall refund all customer deposits for the establishment of credit and all advances for construction, if any.

4. Within ten days after the date of actual transfer, seller shall file in this proceeding written notification of the refunding of all deposits and advances, if any, the date of transfer, and the date upon which buyer 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 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 buyer.

The effective date of this order shall be established by supplemental order herein, after buyer shall have complied fully with the requirements of ordering paragraph 2.

Dated at San Francisco, California, this 9th day of AUGUST, 1966.

Edith E. Stahl
President

George E. Fowler

~~Commissioner A. W. Gatoy, being necessarily absent, did not participate in the disposition of this proceeding.~~
~~Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.~~

William M. Conrad
Commissioners