

**ORIGINAL**Decision No. 72749

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GOLCONDA UTILITIES  
COMPANY, a California corporation,  
for authority to transfer water  
system to public agency.

Application No. 49419  
Filed May 31, 1967

O P I N I O N

Golconda Utilities Company (GUC) seeks authority to transfer its Las Palmas Tariff Area Water System to San Bernardino County Service Area No. 2 (District) and to discontinue service in that area. By letter dated May 29, 1967, attached to the application as Exhibit B, District joins in the application.

At the time Application No. 49419 was being prepared there was a possibility that the previous purported transfer of the water system to GUC from a former owner might be void, so the former owner also joined in the application by letter, dated May 29, 1967, attached to the application as Exhibit A. This question has been resolved by Decision No. 72504, dated May 31, 1967, in Application No. 47700 and related proceedings; the transfer was not found to be void, and the former owner need not be a party to the current proceeding.

Decision No. 72504 states that GUC's Las Palmas Tariff Area consists primarily of the 35-lot Tract No. 3415, located in an unincorporated portion of San Bernardino County between Redlands and Loma Linda. The map filed by GUC as Exhibit F, attached to the application in those proceedings, which we hereby incorporate by reference, shows that District (referred to in that application as

"County Service District No. 2") serves an area immediately south of Tract No. 3415.

The application does not state whether Tract No. 3415 will be annexed to District or will merely be served by District. The order herein will provide safeguards to protect the interests of any customers who might remain outside of District's boundaries.

GUC and District have agreed that the requested transfer is to be a gift from GUC. Decision No. 72504 pointed out that GUC and its parent, Golconda International Corporation (GIC) had not actually paid anything for the water system. GUC's request in Application No. 47700 for authority to issue \$19,000 of securities, based upon certain financial dealings between GUC and GIC relative to this water system, has been denied.

Decision No. 72504 states that the record is not convincing that GUC is capable of providing adequate service to the area. The proposed transfer will permit District to relieve GUC of this responsibility.

#### Findings and Conclusion

The Commission finds that the proposed transfer is not adverse to the public interest and that a public hearing is not necessary.

The Commission concludes that the transfer should be authorized, subject to the conditions of the order which follows.

The authorization herein granted does not constitute a finding as to the value of the properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Golconda Utilities Company (GUC) may donate and transfer to the County of San Bernardino or its agency, County Service Area No. 2 or County Service District No. 2 (District), the public utility water system serving GUC's Las Palmas Tariff Area in San Bernardino County.
2. On or before the date of actual transfer, GUC shall return to customers any refundable deposits made to establish credit.
3. Within ten days after the date of actual transfer, GUC shall file in this proceeding written notification of the refunding of all deposits, the date of transfer, and the date upon which District 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.
4. Within thirty days after the date of actual transfer, GUC shall withdraw tariff sheets and file revised tariff sheets, as appropriate, including tariff service area maps, to discontinue the application of its present tariff schedules to the area served by the transferred properties. Such filing shall comply with General Order No. 96-A. The effective date of the withdrawal and of the revised sheets shall be four days after the date of filing.
5. GUC shall account for the transfer herein authorized in accordance with Utility Plant Accounts Instruction 12.F, Utility Plant Sold, of the Uniform System of Accounts for Water Utilities (Class A, Class B, and Class C) prescribed by this Commission and, within sixty days after the date of actual transfer, shall file in

this proceeding a copy of the journal entry or entries used to record the transfer.

6. Upon compliance with all of the conditions of this order, GUC shall stand relieved of all of its public utility obligations in the area served by the transferred portion of its system, and may discontinue service concurrently with the commencement of service by District.

7. Consummation of the transfer authorized herein shall constitute a stipulation by District that:

- a. District will furnish water service within the Las Palmas Tariff Area of GUC, including territory outside of District's boundaries.
- b. As to the rates, rules and conditions of service which District will apply in the service area of the system herein authorized to be transferred, it will not discriminate between service rendered outside its 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 water system, or in recognition of the investment in water facilities benefitting outside customers, made by District residents through bonded indebtedness or with other District funds.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 11<sup>th</sup> day of JULY, 1967.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners