

ORIGINALDecision No. 73222

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Jurupa Hills Water
Co., a California Corporation, to
sell all its assets to Rubidoux
Community Services District.

Application No. 49544
(Filed July 12, 1967)

O P I N I O N

By this application, Jurupa Hills Water Co., (Jurupa), a corporation, seeks authority to transfer all of its assets to Rubidoux Community Services District (District) for the agreed basic price of \$185,000 represented by a promissory note of the District, payable in quarterly installments of not less than \$1,000 per month or more than \$1,500 per month. Jurupa also requests the Commission to authorize service by District to that portion of Jurupa's service area that lies outside of District's boundaries and relief of Jurupa from its utility obligations. District joins in the application. A form of the agreement to be used for the transaction has been submitted and is hereby included in this record as Exhibit No. 1.

The application alleges that all of the inhabited service area of Jurupa has been annexed to District; that the sale price is less than the book value of Jurupa; that District will continue to serve the present area of Jurupa that lies outside District's boundaries; that there are no outstanding advances for construction; and that prior to transfer Jurupa will refund all customer deposits for the establishment of credit.

In Application No. 45665, filed August 9, 1963, Jurupa requested authority to transfer its assets to Rubidoux. By Decision No. 66713, dated January 28, 1964, Jurupa was authorized to sell its

assets to Rubidoux on or before July 1, 1964 if it complied with provisions laid down in the order.

Ordering paragraphs three and four of Decision No. 66713 read as follows:

"3. Jurupa Hills Water Co. shall deposit in escrow with a suitable bank, trust company, or other agent approved by the Commission, the total amount of unrefunded advances, to be disbursed, in a manner to be approved by supplemental order of this Commission, in part to seller and in part to settle refund obligations related to outstanding advances for construction.

"4. Within ten days after the date of actual transfer, Jurupa Hills Water Co. shall submit written notification to this Commission of the refunding of deposits and establishment of escrow required herein, the date of transfer, and the date upon which purchaser 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."

Jurupa did not comply with the conditions of Decision No. 66713 and the authorization expired.

As shown by a letter dated July 25, 1967 signed by Robert O. Hunter, President, Jurupa, on June 30, 1967, "purchased all of the outstanding Main Extension Agreements at 25% of face value, from Cinderella Estates, Inc., Jurupa Estates, Inc., Jurupa Development Corporation and Robert O. Hunter." This letter is received as Exhibit No. 2.

The filed tariffs of Jurupa (Rule 15 Sections C.3.a. and C.3.b.) require:

"3. Termination of Main Extension Contracts

- a. Any contract entered into under Section C of this rule, or under similar provisions of former rules, may be purchased by the utility and terminated, after first obtaining the authorization of the Commission, at any time after the number of bona fide customers then receiving service from the extension for which the advance was made equals at least 60% of the total number of bona fide customers for which such extension was designed by the utility, provided the payment is not in excess of the present worth, at 6% per annum of an annuity with annual payments equal to the refunds payable under the main extension contract during the preceding year to the final refund date which would otherwise apply, and the terms are otherwise mutually agreed to by the parties or their assignees and that Section C.3.b. and Section C.3.c. hereof are complied with.
- b. The utility, in requesting authorization for such termination, shall furnish to the Commission the following information in writing by an advice letter in the event the termination is to be accomplished by payment in cash, or by a formal application under Sections 816-830 of the Public Utilities Code if payment is to be made otherwise:
 - (1) A copy of the main extension contract, together with data adequately describing the development for which the advance was made and the total adjusted construction cost of the extension.
 - (2) The balance unpaid on the contract and the calculation of the present worth, as above defined, as of the date of termination and the terms under which the obligation is requested to be terminated.
 - (3) The name of the holder of the contract when terminated.
 - (4) The total number of bona fide customers for which the extension was designed and the number of bona fide customers actually receiving service on said extension as of the proposed termination date of the contract."

Jurupa did not obtain the authorization of this Commission to make the purchases described in Exhibit No. 2.

The Commission finds that:

1. The proposed sale is not adverse to the public interest.
2. Jurupa violated its filed tariffs when it purchased the main extension contracts described in Exhibit No. 2.
3. Jurupa's 1966 Annual Report shows, under Account 241 Advances for Construction, an amount of \$76,342.30, and that Mr. and Mrs. Robert O. Hunter own 100 percent of the stock.

The Commission concludes that:

1. It must obtain certain information before it can properly decide the issue raised by Jurupa's tariff violation in connection with the purchase of its outstanding main extension contracts.
2. The proposed transfer should be authorized subject to the conditions set forth in the following order:

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Jurupa Hills Water Co., a corporation, after the effective date of this order and on or before July 1, 1968, may sell and transfer its assets to Rubidoux Community Services District, a public corporation, substantially in accordance with the terms and conditions of the "Waterworks System Acquisition Agreement" included in this proceeding as Exhibit No. 1 and subject to compliance with the provisions of this order.
2. On or before the date of actual transfer, Jurupa shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.

3. Within ten days after the date of actual transfer, Jurupa shall submit written notification to this Commission of 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. District shall cease its quarterly installment payments to Jurupa when the unpaid principal amounts to \$76,350.

5. District shall not resume payments to Jurupa until authorized to do so by order of this Commission.

6. Within sixty days after the effective date of this order Jurupa shall furnish this Commission the information required by Sections C.3.a., C.3.b. and C.3.c. of its filed Rule No. 15.

7. Upon review of the information supplied in response to paragraph 6 (supra), the Commission by further order will settle the issue of advances for construction.

8. Upon compliance with ordering paragraphs 2 and 3 (supra) as evidenced by a supplemental order to that effect, Jurupa shall stand relieved of all of its public utility obligations, except those pertaining to advances for construction, in the area served by the

transferred system, and may discontinue service concurrently with the commencement of service by purchaser.

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

Dated at San Francisco, California, this 25th day of OCTOBER, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners