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Decision No. 73276

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PALM SPRINGS WATER)
COMPANY, a California corporation,)
for authority to sell its assets to)
the DESERT WATER AGENCY, a public)
agency, and for authority to cease)
operations as a public utility.)

Application No. 49735
(Filed October 16, 1967)

O P I N I O N

Palm Springs Water Company, a corporation, seeks authority to transfer its assets to Desert Water Agency and also requests authority to cease operations. Desert Water Agency joins in the application as a public utility.

Applicant's wholly owned subsidiary, Cathedral City Water Company, was merged into and with applicant on October 2, 1967, pursuant to authority granted in Decision No. 73098 in Application No. 49637.

The application alleges that Desert Water Agency filed complaints in the Superior Court, County of Riverside, to condemn and acquire the properties of Palm Springs Water Company and Cathedral City Water Company. The parties to said proceedings have resolved the condemnation actions through agreements, a copy of which is attached to the application. The agreement provides for a purchase price of \$6,645,000 plus an amount equal to 97 percent of the billed accounts as of the close of escrow. In order to complete the sale and acquisition, it will be necessary for Desert Water Agency to authorize and sell revenue bonds.

The agreement further provides that Desert Water Agency will assume all obligations pursuant to existing main extension agreements, together with those which may be incurred prior to the close of escrow. Exhibit C of said agreement discloses that as of June 30, 1967, outstanding refund contracts aggregated \$1,040,210.17.

The Commission finds that:

1. The proposed sale is not adverse to the public interest.
2. From the proceeds of the sale of its water system, seller should place in trust or escrow an amount equal to its refund obligations relating to outstanding advances for construction as of the close of escrow, so that monies will be available to meet such refund obligations in the event Desert Water Agency is unable to do so.

The Commission concludes that 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. Palm Springs Water Company, a corporation, after the effective date of this order, and on or before July 1, 1968, may sell and transfer its assets to Desert Water Agency, a public agency, substantially in accordance with the terms and conditions of the agreement attached to the application as Appendix A.
2. On or before the date of actual transfer, Palm Springs Water Company shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.
3. Palm Springs Water Company shall deposit in escrow with a suitable bank, trust company, or other agent approved by the

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Commission, the total amount of unrefunded advances, to be disbursed, in a manner to be approved by supplemental order of this Commission.

4. Within ten days after the date of actual transfer, Palm Springs Water Company 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.

5. Upon compliance with the above conditions of this order, as evidenced by a supplemental order to that effect, Palm Springs Water Company shall stand relieved of all its public utility obligations, except refund of advances for construction, in the area served by the transferred system and may discontinue services 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 6th day of NOVEMBER, 1967.

President
William L. Bennett

August

William Symons, Jr.

Shed P. Morrissey
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.