

**ORIGINAL**Decision No. 73448

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ARLIN JOHNSON  
to sell SUNNY MEADOWS UTILITY  
COMPANY to the City of  
WATSONVILLE, California.

Application No. 49767  
(Filed November 1, 1967)

O P I N I O N

Arlin Johnson, owner of Sunny Meadows Utility Company serving 39 residential lots in Tract 433, Sunny Meadows Subdivision No. 1, Santa Cruz County, requests authority to sell all tangible assets of the utility to the City of Watsonville, which joins in the application. The agreement of sale, dated August 9, 1967 and the city's authorization for its execution, evidenced by Resolution No. 156-67 (C-M), adopted August 8, 1967 by the City Council, are attached to the application as Exhibit A thereof.

Applicant was granted a certificate to supply water to Tract 433 by Decision No. 71890, dated January 24, 1967, in Case No. 8518 and Application No. 48866, wherein a flat rate of \$4.75 for 9,000 square feet of property or less was authorized. Applicant alleges that: he has been charging each customer \$4.00 per month per lot for water service; the well water supply is of inferior quality; the city intends to discontinue use of the well and connect the tract service to the municipal system, with a minimum metered rate of \$3.30 per residence per month for standard residential service through a 5/8 x 3/4-inch meter, which entitles the customer up to 700 cu.ft. of water, plus 36 cents per 100 cu.ft. up to an excess of 2,300 cu.ft.; meter readings and billings by the city will be made every two months.

The city has agreed to charge for water consumed by all customers, for the services covered by the agreement, at the same rate as now and may hereafter be charged its domestic customers located outside the city limits of Watsonville.

The agreement recites a consideration for the purchase of the personal and real property described therein of a maximum of \$17,265.00, or 22% of the total gross revenue received over a 20-year period by the city from its sale of water service to owners and occupants of homes and premises in Tract 433, whichever amount is the lesser. In addition, the agreement states that the obligation of the city to pay the purchase price is not a general obligation of the City of Watsonville, payable from taxes or its general fund, but only a special obligation payable from gross revenues of the water system in accordance with the agreed terms of payment. The city also has agreed that it shall assume all responsibility for operation and maintenance of the system described in the agreement, from and after the effective date thereof, and that the seller shall have no further responsibility or liability therefor.

The Commission finds that the transfer of the water system contemplated in the agreement hereinabove referred to is not adverse to the public interest and concludes that applicant should be authorized to carry out the terms and conditions of said agreement in accordance with the ensuing order.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

A public hearing is not necessary.

O R D-E R

IT IS ORDERED that:

1. Arlin Johnson, applicant herein, is authorized to carry out the terms and conditions of an agreement, dated August 9, 1967 (Exhibit A, attached to the application herein), for the sale to the City of Watsonville of the water system heretofore certificated to applicant by Decision No. 71890, supra.

2. Within ten days after the date of actual transfer of the water system, as authorized herein, applicant Johnson shall:

- (a) File with the Commission two copies of the instrument of transfer, as executed;
- (b) Refund all consumers' deposits, if any, for establishment of credit;
- (c) File with the Commission a written advice stating either that all such deposits have been refunded, or that no such deposits have been received that are subject to refund.

3. Upon completion of the sale and transfer authorized herein and upon compliance with all the terms and conditions of this order, Arlin Johnson shall be relieved of his public utility obligations in connection with the utility system herein authorized to be transferred, and all tariff schedules covering water service on file with the Commission in the name of said Arlin Johnson shall thereupon concurrently be canceled.

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

Dated at San Francisco, California, this 5<sup>th</sup> day of DECEMBER, 1967.

*[Handwritten Signature]*  
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 President

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 Commissioner

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 Commissioner

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 Commissioner