

ORIGINAL

Decision No. 73662

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of GARDENS WATER CORPORATION and)
VENTURA RIVER MUNICIPAL WATER)
DISTRICT to sell and buy utility)
property.)

Application No. 49890
(Filed December 19, 1967)

O P I N I O N

Gardens Water Corporation (seller) and Ventura River Municipal Water District (buyer) request authorization for seller to sell and transfer its water system to Ventura River Municipal Water District.

Seller on December 31, 1966, had 602 active service connections by which it served water to residential and commercial customers at metered rates and 36 active service connections by which it provided hydrant fire protection service at flat rates in the major portion of the community of Oak View, California.

Buyer is a municipal water district created pursuant to the Municipal Water District Act of 1911 and is in the business of storing, selling and distributing water in the Ventura River Valley, Ventura, California. This water district was organized on October 17, 1952 and since that time has operated under the direction of a board of directors duly elected by the voters in the district.

On July 17, 1967, seller and buyer entered into an option agreement, a copy of which is attached to the application as Exhibit I, providing for sale of the water system and other assets of seller used in public utility service in its service area. The agreed purchase price is \$54,500.

The application shows, as of October 31, 1967, utility plant in service in the amount of \$140,469.33, a reserve for depreciation of utility plant of \$96,355.17, and no customer deposits or advances for construction.

The application states that seller will refund any and all deposits by its customers.

The reason for entering into the agreement by each applicant is as follows:

GARDENS WATER CORPORATION

The physical facilities of seller are approximately thirty years old and are becoming obsolete. The facilities will require rebuilding and/or replacement within a relatively short time to insure continued dependable water service to the present users. The work and cost of such project can be accomplished less expensively to the residents and water users by a public agency authorized to issue bonds than by the use of a small public utility having limited borrowing capacity which utility will be subject to interest rates far exceeding those available to the public entity on its bonds. The president of seller, Mr. Chris N. Kunkle, was the principal proponent for the formation of a County Water Works District for the area now served by seller. In June of 1967, the question as to whether or not a county water works district should be formed and bonds issued was defeated by a substantial margin.

VENTURA RIVER MUNICIPAL WATER DISTRICT

Buyer is the only agency with the Ventura River Valley which has an assured supply of water capable of serving the subject area now served by seller. Buyer serves on a retail basis areas close to and adjacent to seller's service area. The area served by seller is presently within the boundaries of buyer and seller's customers pay a tax to said district.

Buyer in the application agrees to undertake all obligations to water consumers not expressly undertaken by seller.

We find that:

1. Buyer has the ability to acquire and operate seller's water system without interruption in service.
2. Upon the consummation of the proposed transfer seller will no longer be performing public utility service.
3. 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, Gardens Water Corporation may sell and transfer to Ventura River Municipal Water 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 I, but subject to the conditions of this order.
2. 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.
3. 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 the 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. Upon compliance with the conditions of this order, seller shall stand relieved of all 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 the date hereof.

Dated at San Francisco, California, this 30th day of JANUARY, 1968.

[Signature]
President
[Signature]
[Signature]
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Commissioners