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**ORIGINAL**

Decision No. 74152

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AMERICAN UTILITIES, INC., )  
a California corporation, and the )  
SAN LORENZO VALLEY COUNTY WATER DISTRICT )  
for permission to sell the physical )  
assets of the AMERICAN UTILITIES, INC. )  
to the San LORENZO VALLEY COUNTY WATER )  
DISTRICT. )

Application No. 50185

O P I N I O N

American Utilities, Inc. (hereinafter referred to as American), seeks authority to transfer its public utility water system to the San Lorenzo Valley County Water District (hereinafter referred to as District), which seeks to acquire the system.

The verified application avers that American presently furnishes domestic water to its customers in the area known as Bear Creek Estates in Santa Cruz County; that American's water system is entirely within the boundaries of District; that the supply and quality of American's water is marginal; that it would require reconstruction and substantial extensions of American's system in order to provide an adequate water supply for both domestic and fire protection purposes in the area; that District can more economically operate and maintain said water system; that District is conducting special assessment proceedings for the purpose of providing bonded indebtedness in the amount of \$121,995 to provide funds which in part will be used to acquire American's water system and to provide District with an adequate water supply for both domestic and fire protection purposes in the area; and that the parties have entered into an agreement for District to purchase the water system from American.

The Application indicates that the parties have entered into an agreement attached to the application as Exhibit A, which provides that District will purchase the system for \$84,300. The agreement is contingent upon the successful outcome of special assessment proceedings which District is obligated to institute. District has agreed to remain liable for all customer's deposits and customer's advances if any.

The application indicates that the original cost of the water system was \$126,988.22 and that the depreciated value of the system as of December 31, 1967 was \$102,920.11. The application also includes a stipulation by District that it will be subject to all legal claims for water service which might have been enforced against American, including any claims as may exist in territory outside the boundaries of District and that the rates, rules and conditions of service which District will apply in the area will be the same as will apply to the District as a whole and if any territory may exist outside of the boundaries of the District, it will not discriminate between service rendered outside of the District and that rendered within, except insofar as it may adjust such outside rates and charges to offset any reasonable tax burden sustained by water users within the District boundaries in subsidizing the operation of District's water system.

The Commission makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. As part of the application in this matter District has entered into the following stipulation:

"(a) San Lorenzo Valley County Water District will be subject pursuant to its rates, rules and regulations, to all legal claims for water services which might have been enforced against American Utilities, Inc., including such claims as may exist in territory outside of the boundaries of the District.

"(b) As to the rates, rules and conditions of service which the District will apply within the service area of the system herein authorized to be transferred, they are the same as will apply to the District as a whole as the boundaries of the District encompass the entire service area of the system herein authorized to be transferred and if any territory may exist outside of the boundaries of the District, the District will not discriminate between service rendered outside of the District boundaries and service rendered inside of 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 boundaries in subsidizing the operation of the District's water system."

3. The transfer of American's public utility water system to District would not be adverse to the public interest.

Conclusion of Law

The application should be granted as hereinafter provided.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, American Utilities, Inc., a California corporation, may sell and transfer its public utility water system to the San Lorenzo Valley County Water District, in accordance with the "Contract of Purchase" executed by the parties on April 16, 1968 which is attached to the application as Exhibit A and by this reference made a part hereof.

2. On or before the actual date of transfer, American Utilities, Inc., shall do one of the following:

1. Refund all customer's deposits and advances, which are subject to refund, or

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2. File with the Commission a statement by the San Lorenzo Valley County Water District indicating which deposits and advances it has assumed the liability therefor.

If American Utilities, Inc., makes any refunds under the provisions of this ordering paragraph 2, it shall, within ten days thereafter, advise the Commission, in writing, that such refunds have been made.

3. Within ten days of the actual transfer of the public utility water system, American Utilities, Inc., shall notify the Commission in writing, of the date upon which the transfer was consummated.

4. Upon completion of the sale and transfer herein authorized and all of the terms and conditions of this order, American Utilities, Inc. shall stand relieved of its public utility obligations and liabilities in connection with the utility system herein authorized to be transferred.

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

Dated at San Francisco, California, this 21st day of MAY, 1968.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners