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**ORIGINAL**

Decision No. 74511

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
HURON UTILITY COMPANY, a Corporation,  
MOUREN WATER SERVICE, INC., a  
Corporation, and the CITY OF HURON,  
a Municipal Corporation, for  
permission to sell the physical  
assets of the HURON UTILITY COMPANY  
and the MOUREN WATER SERVICE, INC.,  
to the CITY OF HURON.

Application No. 50333  
(Filed June 19, 1968)

O P I N I O N

By this application, Huron Utility Company, a corporation, (Huron) and Mouren Water Service, Inc., a corporation, (Mouren) seek authority to transfer their utility properties to the City of Huron (City) and to discontinue service. City joins in the application.

Huron and Mouren serve domestic water entirely within the boundaries of the City of Huron in the County of Fresno.

The balance sheet attached as Exhibit D to the application shows that, as of August 31, 1967, Huron had utility plant of \$80,362, a depreciation reserve of \$30,767 and refundable advances for construction of \$5,200.

The balance sheet attached as Exhibit F to the application shows that, as of June 30, 1967, Mouren had utility plant of \$99,954, and a depreciation reserve of \$58,695.

For the purpose of acquiring and improving the water systems of Huron and Mouren, the City of Huron has formed a District pursuant to the Municipal Sewer and Water Facilities Law of 1911. The boundaries of said District are co-terminous with the present boundaries of the City. The City Council is the governing body of said District and all contracts are entered into by the City.

A general obligation bonded indebtedness in the amount of \$430,000 has been authorized for the purpose of providing funds with which to acquire, improve and enlarge the existing water systems in order to provide the area of the City within the District with an adequate water supply for both domestic and fire protection purposes.

On August 24, 1966, applicants executed an option agreement for purchase of the water systems, a copy of which is Exhibit "A" attached to the application. Exhibit "A", shows that: City shall pay into escrow for Huron and Mouren the sum of \$124,000 for the physical assets, including real estate of the water system of said Huron Utility Company and Mouren Water Service, a total of \$60,000 for the Huron and \$65,000 for the Mouren Water Service, after allowing credit toward the purchase price of One Thousand Dollars (\$1,000) paid for said option. The sales price shall also include any additional capital expenditures made by either company since the signing of the option agreement.

Applicant, City of Huron, stipulates that:

- (a) City of Huron will be subject to all legal claims for water services which might have been enforced against Huron Utility Company and Mouren Water Service, Inc., including such claims as may exist in territory outside of the boundaries of the City.
- (b) City of Huron will, where any person has advanced money to Huron Utility Company or Mouren Water Service, Inc., for installation of facilities which have not been installed and the money has not been refunded, proceed at the expense of City of Huron to install the facilities.

(c) As to the rates, rules and conditions of service which the City will apply within the service area of the systems herein authorized to be transferred, they are the same as will apply to the District formed within the City pursuant to said Municipal Sewer and Water Facilities Law of 1911 as a whole as the boundaries of said District encompass the entire service area of the systems herein authorized to be transferred and if any territory may exist outside of the boundaries of said District, the City 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.

The application is silent as to the identity of the contract holders of Huron's main extension agreements or as to whether the utility or the City will assume the liability of making refunds under the extension agreement.

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, Huron 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.

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. Huron Utility Company, a corporation, and Mouren Water Service, Inc., a corporation, after the effective date of this order, and on or before July 1, 1969, may sell and transfer their assets to the City of Huron substantially in accordance with the terms and conditions of the option agreement attached to the application as Exhibit A.

2. On or before the date of actual transfer, Huron and Mouren Water Companies shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.

3. Huron 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.

4. Within ten days after the date of actual transfer, Huron 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, Huron shall stand relieved of all of 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 and concurrently the certificate of public convenience and necessity granted Huron in Decision No. 43465, dated November 1, 1949, is revoked and tariffs on file with the Commission are canceled.

6. Within ten days after the date of actual transfer, Mouren shall file written notification to this Commission of the refunding of deposits, the date of transfer, and the date upon which City shall have assumed operation of the water system authorized herein to be transferred. A true copy of the instrument of transfer shall be attached to the written notification.

7. Upon compliance with the conditions of this order, Mouren shall stand relieved of all of its public utility obligations in the area served by the transferred system, and may discontinue service concurrently with the commencement of service by City and concurrently authority to furnish any public utility service is revoked and tariffs on file with the Commission are canceled.

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

Dated at San Francisco, California, this 6<sup>th</sup>  
day of AUGUST, 1968.

William J. Lyons, Jr.  
President  
Ed. E. Fitch  
William L. Bennett  
Augustin  
Frederic P. Monsees  
Commissioners