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Decision No. 74857

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AVILA WATER COMPANY, INC., a California corporation, for authority to sell its assets to SOUTH SAN LUIS OBISPO COUNTY WATER CORPORATION, a non-profit corporation, which, in turn, proposes to lease the acquired assets to the County of San Luis Obispo, and for an order authorizing AVILA WATER COMPANY, INC. to cease operations as a public utility.

Application No. 50618
(Filed October 15, 1968)

O P I N I O N

Avila Water Company, Inc. requests authority to sell its water system to the South San Luis Obispo County Water Corporation, a non-profit corporation, which, in turn, proposes to lease the system to the County of San Luis Obispo.

The water system is located generally in and adjacent to the unincorporated community of Avila Beach.

The agreed consideration is \$140,000, plus the cost in place of additions and betterments, less retirements made between January 1, 1963 and the closing date. Payment of the purchase price by the corporation will be made from the proceeds derived from the sale of bonds and will be made in full at the time of closing. The sale is conditioned upon the concurrent acquisition by the purchaser of the assets of Oceano Water Company, Inc. (Application No. 50619).

Upon the acquisition of the water system applicant purchaser proposes to lease the system to the County of San Luis Obispo pursuant to a lease agreement which will terminate on October 15, 1993. Upon the termination of the lease, or upon the payment of all indebtedness of the purchaser the non-profit corporation shall

dissolve and the assets of the system shall be taken over by the County of San Luis Obispo.

The only outstanding main extension agreement of applicant is with the Avila Beach Fire District and will be paid to the District at the time of closing. Similarly all customer deposits will be refunded on the date of closing.

It is alleged that if the closing date and the purchase and sale have not occurred before November 5, 1968, and the proposed constitutional agreement adding Section 30 to Article XIII to the California Constitution (Watson Amendment) is approved by the electorate on November 5, 1968, the agreement shall be automatically cancelled as of November 6, 1968. It is therefore requested that the sale be approved as soon as possible.

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest and upon consummation of the transfer, that public convenience and necessity would no longer require applicant seller to serve within the area herein considered. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. On or before May 1, 1969, Avila Water Company, Inc. may transfer to South San Luis Obispo County Water Corporation the water system herein referred to according to the terms and conditions of the agreement attached to the application.

2. Within thirty days after the consummation of the transfer authorized by ordering paragraph 1 hereof, Avila Water Company, Inc. shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

3. On or before the date of actual transfer, seller shall return to customers any refundable deposits made to establish credit.

4. Upon compliance with the conditions of this order, Avila Water Company, Inc. shall stand relieved of its public utility obligations, and may discontinue service concurrently with the commencement of service by the South San Luis Obispo County Water Corporation.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 22nd
day of OCTOBER, 1968.

William S. Jones Jr.
President

D. C. Fitchell

William L. Bennett

Augustine

Paul P. Mansueti
Commissioners