

ORIGINAL

Decision No. 74956

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

SATICOY WATER COMPANY )

for orders relieving Applicant of )  
the obligation to provide certain )  
public utility water service, can- )  
celling certain tariff sheets and )  
for other relief. )

Application No. 50531  
(Filed September 5, 1968)

O P I N I O N

Saticoy Water Company (seller), a corporation, seeks authority to sell and transfer its water system and other assets to the City of San Buena Ventura, California (City), and to be relieved of its public utility liabilities and obligations. The City joins in the application.

On July 22, 1968, the seller and the City executed an agreement (Exhibit "A" on the application) whereby, subject to the authorization of this Commission, the seller is to transfer its domestic water supplies, easements, franchises, permits, transmission and storage facilities, and related real and personal property to the City. As consideration therefor, the City, among other things, has agreed to pay the seller the sum of \$1,963,634.78 plus:

(1) The net cost to the seller of all property added to the water system after date of agreement and prior to the closing date, less the book value of any property retired, as

determined by accounting procedures approved by the Public Utilities Commission.

(2) The appraised value of a described piece of real property.

The seller is to remain responsible for payments due or to become due under main extension agreements which, on December 31, 1967, totalled \$556,788.13, except for seven agreements totalling \$5,803.46, which the City will assume.

The seller is to repay all customers' deposits.

The City agrees to continue to serve all of the seller's customers and to continue service to seller's customers at existing rates for sixty days after the closing date.

As conditions of the transfer to the City, the parties agreed that: the sale should be subject to authorization from this Commission not inconsistent with the terms of the agreement; there shall have been an affirmative vote as required by law for the issuance of revenue bonds on or before October 1, 1968, (this has been done); and the revenue bonds should be sold by the City within ninety days after the election.

Under the agreement the seller will cease to operate as a public utility water corporation and the City will continue to serve all of the seller's domestic consumers in its service area.

The seller has executed numerous refund contracts pursuant to which it received advances for construction. In order to provide for the repayment of such advances when due,

except for the seven which the City has agreed to assume, the seller intends to file a statement with the Commission to the effect that all advances for construction for which there is a refund obligation outstanding against seller have been refunded, or seller will file with this Commission a copy of a trust agreement between seller and a suitable bank, trust company or other licensed escrow agent, containing instructions for payment of the refunds of advances for construction and providing that a sum of money equal to the then present value as of the date of acquisition of the current unpaid balance of all unrefunded main extension contracts has been deposited or will be deposited in such trust or escrow as a part of the just compensation and purchase price prior to the date of acquisition of possession by City of the transferred system.

The seller contemplates investment of the funds so deposited either in municipal bonds or federally insured time deposits.

We find that:

1. The terms of the purchase agreement, Exhibit "A" on the application, adequately protect the customers of Saticoy Water Company.
2. Prior to transfer of title, Saticoy Water Company will either refund all monies due or to become due under main extension agreements or file an executed trust agreement for their refund.
3. Saticoy Water Company will refund all customers' deposits.

4. Saticoy Water Company should be authorized to carry out the terms of the agreement of sale in the form of Exhibit "A" to the application.

5. The proposed transfer of the domestic water supplies, production, storage, transmission and distribution facilities, easements, franchises, permits, and related real and personal property of Saticoy Water Company, as listed in Exhibit "A", to the City is not adverse to the public interest.

6. Upon completion of the transfer to the City, Saticoy Water Company should be relieved of its public utility water corporation obligations except its obligations relative to unrefunded portions of main extension agreements and customers' deposits.

7. The relief of Saticoy Water Company from its public utility obligations and the assumption of said obligations by the City on the closing date specified in Exhibit "A" herein will not be adverse to the public interest.

8. A public hearing is not necessary.

On the findings herein, the Commission concludes that the application should be granted subject to the conditions set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Saticoy Water Company may sell and transfer to the City of San Buena Ventura the assets and property listed in Exhibit "A" under the terms and conditions set forth in said exhibit.

2. Within thirty days after the closing date of the transfer, Saticoy Water Company shall file with the Commission two conformed copies of the agreement of sale, Exhibit "A", as executed, together with a statement of the date upon which such agreement and transfer became effective.

3. Within ten days after the closing date of the transfer, Saticoy Water Company shall file with the Commission a complete list of all unrefunded main extension agreements as of said date, exclusive of those main extension agreements to be assumed by the City, together with the amounts actually due thereon and the amounts to be refunded in the future by Saticoy Water Company.

4. Within ten days after the closing date Saticoy Water Company shall file a statement that all customers' deposits have been repaid to the customers entitled thereto.

5. On the effective date of actual transfer, and provided there has been compliance with all the conditions of this order, Saticoy Water Company shall stand relieved of its public utility obligations in connection with the public utility water system herein authorized to be transferred.

6. Saticoy Water Company shall either acquire and terminate all main extension agreements prior to the closing date or execute an irrevocable depository agreement with a bank or trust company with deposit of a sufficient sum of money for payment of refunds for all main extension agreements other than those to be repaid by the City, which Saticoy Water Company shall have outstanding on the closing date and not acquired on or before said date. An executed copy of said agreement shall be filed with this Commission within ten days after said closing date.

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7. The authority granted herein shall expire one year after the effective date hereof unless earlier exercised.

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

Dated at San Francisco, California, this 19<sup>th</sup>  
day of NOVEMBER, 1968.

William Thomas J.  
President  
William W. Bernard

Augusta  
H. S. P. Morrey  
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.