

**ORIGINAL**Decision No. 75281

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SKYWAY PARK WATER CO., INC., a corporation, and CALIFORNIA WATER SERVICE COMPANY, a corporation, for an order authorizing (1) the sale and transfer to California Water Service Company of the water distribution system and certificate of public convenience and necessity of the Skyway Park Water Co., Inc., (2) the discontinuance of service by Skyway Park Water Co., Inc. in the territory now served by Skyway Park Water Co., Inc., and (3) the commencement of service in said territory by California Water Service Company at the rates existing in the balance of California Water Service Company's Chico district.

Application No. 50698  
(Filed November 21, 1968)

O P I N I O N

Skyway Park Water Co., Inc. (seller) and California Water Service Company (buyer) request authorization for seller to transfer its water system to buyer and for seller to be relieved of its public utility obligations.

Seller is presently a public utility in the business of supplying and distributing water for domestic purposes in Skyway Park Subdivision Unit No. 1 located in the southeastern corner of the City of Chico in the County of Butte. Certificate for the Skyway Park system was granted and the existing rate schedules authorized by Decision No. 72320, dated April 18, 1967, in Application No. 48032. The area presently served by seller covers approximately 145 acres. Seller presently serves only one customer, the Division of Highways of the State of California. This customer states it has no objection to

the proposed transfer or buyer's proposed rates. Water is secured from one well. The distribution system consists of approximately 3,675 feet of 6-inch main, 3,530 feet of 8-inch main, and 5,460 feet of 10-inch main. There are 27 fire hydrants (all owned by the City of Chico), 124 3/4-inch services, 52 1-inch services, 1 2-inch service, 1 3-inch service and 4 6-inch services. Seller's service area is near buyer's Chico service area.

Buyer, a California corporation, is engaged as a public utility in the business of the supply and distribution of water for domestic and industrial purposes in many localities in the State of California, including the City of Chico and unincorporated areas of the County of Butte contiguous thereto.

Seller is anxious to withdraw from the public utility water business and believes it would be to the advantage of seller's customers to have seller's water system owned and operated by buyer.

The purchase price for the system will be the sum of \$108,835, which will be payable as follows: The purchase price is subject to payment by buyer in cash, without interest, to seller for a period not to exceed 20 years after the closing date in annual payments made within 45 days of the anniversary of the closing date. Each such payment will be determined as follows: Buyer will determine the revenue received by it from customers, including fire protection agencies, supplied by service pipes connected directly to the system; the payment will be 22% of the revenue so received. The total amount so paid will not exceed said sum of \$108,835. If at any time within 20 years from the closing date 146 bona fide customers in the territory are being served by the system, buyer will so notify seller and at that time will become obligated to pay seller in cash any balance of said

sum of \$108,835 which may remain unpaid at the end of said 20-year period. Any such balance will be paid by buyer to seller in 5 equal installments, payable beginning 21 years from the closing date. In addition, buyer will purchase from seller two well sites for an aggregate price of \$3,000, payable in cash at the closing date. Buyer is willing to acquire seller's system and to furnish service in seller's existing territory only if buyer is permitted to furnish service at buyer's rates applicable in the balance of its Chico district. Buyer is willing to account for this purchase in the same manner as it would a subdivider installation under its water main extension rule.

We find that:

1. Buyer has the ability to acquire and operate seller's water system without interruption in service.
2. The method of payments is such that buyer's actual investment in the system on which it may earn a return will be in accordance with its method of refunding advances for construction.
3. Upon the consummation of the proposed transfer seller will be no longer performing public utility service.
4. 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.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Skyway Park Water Co., Inc., may sell and transfer to California Water Service Company the properties referred to herein, substantially in accordance with the terms described in the agreement attached to the application herein and designated as Exhibit 4, 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. After the effective date of this order, and not less than five days before the date of actual transfer, buyer shall file new and revised tariff sheets, including a tariff service area map, to provide for the application of buyer's present rules and rates to seller's service area. Such filing shall comply with General Order No. 96-A. The effective date of the new and revised tariff sheets shall be the date of actual transfer.

5. On or before the date of actual transfer, seller shall deliver to buyer, and buyer shall receive and preserve, all available

records, memoranda and papers pertaining to the construction and operation of the properties authorized herein to be transferred.

6. Upon compliance with all conditions of this order, seller shall stand relieved of its public utility obligations in the area served by the transferred system and may discontinue service concurrently with the service by buyer.

7. On or before the end of the third month after the date of actual transfer, buyer shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report covering the period from the first day of the current year to and including the effective date of the transfer.

8. Buyer shall account for the acquisition of the properties herein authorized to be transferred by a debit to Account 100, Utility Plant, in the amount of \$108,835 and a credit to Account 241, Advances for Construction or a subaccount thereof, in the same amount. Any balance remaining unpaid upon termination of the contract shall be credited to Account 265, Contributions in Aid of Construction. To the extent that such accounting deviates from that prescribed by the

A. 50698 Mjo

Uniform System of Accounts for Water Utilities (Class A, Class B and Class C), such deviation is hereby authorized.

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

Dated at San Francisco, California, this 4<sup>th</sup> day of FEBRUARY, 1969.

William J. Quinn, Jr.  
President

Arthur

J. P. Vukasin, Jr.

Thomas

\_\_\_\_\_  
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.