

ORIGINALDecision No. 75360

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC OAKS WATER
CO., a California corporation, for
approval of disposition of property
through sale of water production
and distribution facilities to the
CITY OF STOCKTON, a California
Municipal Corporation, which joins
in said application.

Application No. 50820
(Filed January 15, 1969)

O P I N I O N

Pacific Oaks Water Co. (seller) and City of Stockton (buyer) request authorization for seller to sell and transfer its water system to the City of Stockton.

Seller on December 31, 1967, had 575 active service connections by which it served water to residential and commercial customers at metered rates and had 39 service connections to fire hydrants.

On January 9, 1969, seller and buyer entered into an agreement, a copy of which is attached to the application as Exhibit 1, providing for the sale of the water system and other assets of seller used in public utility service in its service area. The agreed purchase price is \$265,000 in cash.

Seller's annual report to the Commission for the year 1967, hereby incorporated as a part of this record by reference, shows as of the end of 1967 utility plant in service in the amount of \$233,655.18, a reserve for depreciation of utility plant of \$46,362.17, advances for construction amounting to \$85,288.78, no contributions in aid of construction and no customers' deposits.

Seller agreed, in Exhibit 1, that prior to the close of escrow, it would purchase, or acquire at its own expense, all outstanding water main extension contracts applicable to its service area other than five specified contracts, which are to be assumed by the buyer and which provide for repayment at the rate of 22% of annual revenues for twenty years from the date of contract.

The application states that the transfer of seller's water system to buyer is in the interests of and for the benefit of the public because said system will be interconnected with other facilities presently owned by buyer to provide: (1) an interchange of water between seller's existing system and another water system, (2) additional supplies of water for domestic uses, (3) standby and emergency supplies of water for fire protection purposes, (4) protection against the effects of electrical outages, and (5) increased reliability of water service.

We find that:

1. The terms of the purchase agreement adequately protect the interest of refund contract holders in advances for construction.
2. Buyer has the ability to acquire and operate seller's water system without interruption in service.
3. Seller's dedicated area of service is entirely within the boundaries of buyer.
4. Upon the consummation of the proposed transfer seller will no longer be performing public utility service in this area.
5. 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 and that a public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Pacific Oaks Water Co. may sell and transfer to the City of Stockton the properties referred to herein, substantially in accordance with the terms described in the agreement, attached to the application herein and designated as Exhibit 1, but subject to the conditions of this order.

2. Before the transfer of its water system assets, seller shall refund all advances for construction other than those set forth in Exhibit D of Exhibit 1, shall return to customers any refundable deposits made to establish credit, and shall file a statement with the Commission that all deposits and advances have been refunded as ordered, within ten days thereafter.

3. Within ten days after the date of actual transfer, seller shall file in this proceeding written notice of the date of transfer, the date upon which buyer shall have assumed operation of the water system authorized herein to be transferred, and a true copy of the instrument of transfer which may be executed to effect such transfer.

4. Upon compliance with all of the conditions of this order, seller shall stand relieved of all of its public utility obligations

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in the area served by the transferred system and may discontinue service concurrently with the commencement of service by buyer.

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

Dated at San Francisco, California, this 25th day of FEBRUARY, 1969.

William J. ...
President

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Commissioners