

Decision No. 77197

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

CRESTMORE VILLAGE WATER COMPANY, a  
California corporation, to sell its  
water system in the area known as  
Crestmore Village (also known as its  
Bloomington system) to West San  
Bernardino County Water District  
under Section 851 of the Public  
Utilities Code.

Application No. 51789

(Filed March 25, 1970)

OPINION AND ORDER

By this application, Crestmore Village Water Company (Crestmore), a public utility water corporation under the jurisdiction of this Commission, seeks to sell its Bloomington system, serving the area known as Crestmore Village located near Bloomington in San Bernardino County, to West San Bernardino County Water District (District), a public agency, pursuant to the terms of the Contract of Purchase, dated March 19, 1970, a copy of which is attached to the application as Exhibit "A". The purchase price is \$35,000, payable \$5,000 upon the transfer and the balance payable in six annual instalments; the deferred balance to bear interest at six percent per annum until paid.

A Commission staff engineer and a Commission staff financial examiner have investigated the application and have submitted a report, dated April 8, 1970, on the results thereof. Said report is received as Exhibit 1.

According to Exhibit 1, Crestmore provides water service in two separate tariff areas, to wit, Bloomington and Palmdale. By Decision No. 77150, dated April 28, 1970, in Application No. 51234, Crestmore was authorized to increase its rates for Bloomington. The record on Application No. 51234 shows service deficiencies in both the Bloomington and Palmdale areas.

Exhibit 1 shows, in paragraph 5 thereof, that District has advised the staff of its immediate plans to bring additional water to the transferred area and to install new and larger mains to replace Crestmore's existing mains and to improve service. Said exhibit also sets forth a comparison between Crestmore's present rates, its proposed rates in Application No. 51234, and District's rates. The monthly charge for what is shown to be the average monthly consumption by Crestmore's customers in the Bloomington area of 1,550 cubic feet at present rates is \$3.50; at the rates authorized by Decision No. 77150 (supra), \$3.90; and at District rates, \$5.50. Exhibit 1 also shows, in paragraph 6 thereof, that Crestmore's long-term debt of \$36,435 is held by Pacific Water Company, which is owned by Crestmore's two shareholders.

Although District's rates are higher than Crestmore's present or proposed rates, the staff concludes that it does not object to the transfer proposed herein after giving consideration to District's proposed system and supply improvements. However, the staff recommends that the Commission's decision in this matter contain appropriate ordering paragraphs to require the retention by Crestmore of the cash to be received (\$5,000) and the \$30,000, six percent note, until needed improvements in service within Crestmore's Palmdale tariff area are made, and for the retirement of outstanding debt.

By its letter, dated April 14, 1970, applicant has filed a reply to Exhibit 1, said letter and reply are received as Exhibit 2. Among other things, Exhibit 2 outlines Crestmore's indebtednesses more currently than Exhibit 1.

We find that the staff's conclusions and recommendations contained in Exhibit 1 are reasonable; that authorization of the transfer of Crestmore's Bloomington system to District is in the public interest; and public hearing is not necessary.

We conclude that the application should be granted subject to the staff recommendations that the proceeds of the transfer be placed in escrow to be used for service improvements in Crestmore's Palmdale tariff area and for the retirement of outstanding debt, therefore,

IT IS ORDERED that:

1. On or before December 31, 1970, Crestmore may transfer to West San Bernardino County Water District the Bloomington system herein referred to.
2. Within thirty days after consummation of the transfer authorized by ordering paragraph 1 hereof, Crestmore shall notify

A. 51789 ds \*

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 consumers any refundable deposits made to establish credit and shall refund main extension advances, if any.

4. Crestmore shall place in escrow the cash received and the \$30,000, six percent note, less amounts necessary for refund of customers' deposits and for escrow charges. Said funds placed in escrow shall be used for improving service in Crestmore's Palmdale system and for retirement of outstanding debt to their full extent.

5. Crestmore shall, within sixty days after the effective date hereof, file with the Commission a report in writing setting forth its plans for improving service in its Palmdale system and a program for retirement of outstanding debt.

6. Upon compliance with the conditions of this order, Crestmore shall stand relieved of its public utility obligations as related to its Bloomington system and may discontinue service concurrently with the commencement of service by the District.

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

Dated at San Francisco, California, this 12th day of MAY, 1970.

William A. ...  
President  
...  
...  
Yelton L. Sturgeon  
Commissioners