

SW/JR

ORIGINAL

Decision No. 78520

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RANCHO MIRAGE WATER COMPANY, a California corporation, for authority to sell its assets to COACHELLA VALLEY COUNTY WATER DISTRICT, a public agency, and for authority to cease operations as a public utility.

Application No. 52465
(Filed February 22, 1971)
(Amended March 22, 1971)

INTERIM OPINION

Rancho Mirage Water Company requests authority to sell and transfer a water system in Riverside County to Coachella Valley County Water District.

The agreed consideration is \$350,000, plus the cost in place of additions and betterments, less retirements, made to the system between February 9, 1971, and the closing date. Payments are to be made in 30 equal semi-annual installments, the first to be made on or before January 10, 1972, with interest at the rate of 6-3/4 percent per annum on the unpaid balance as more particularly set forth in the Waterworks Acquisition Agreement, attached to the application.

Paragraph 9(e) of the agreement provides that "The obligation of the company to sell and transfer the water system hereunder is conditional upon the approval of the terms and form of this Agreement by the Security Pacific National Bank or other assignee of the Company's right to receive the payments provided for herein. As to such assignee the District shall have no right

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of any defense, offset or counterclaim to the payments provided for herein." The applicant alleges that the bank has advised of its intent to acquire the company's interest in the agreement through assignment, at which time the company will be paid off in full the principal due under the agreement.

The applicant alleges that Rancho Mirage Water Company has \$625 of customers' deposits and has on the books \$2,544.43 of advances for construction. Applicant further alleges that said amount was outstanding on its books in 1958 when the present management took over; that the books, records and files contain no information relative to said agreements; and that since 1958 it has received no inquiry relative to said advances.

The applicant alleges that if the closing date and the purchase and sale of the water system have not occurred before July 1, 1971, either party may cancel the agreement by giving written notice to the other. It is 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 provided that the seller be required to place the sum of \$2,544.43 in escrow until such time as the title or right to said sum can be determined and, upon consummation of the transfer, the public convenience and necessity would no longer require Rancho Mirage Water Company to serve within the area herein considered. A public hearing is not necessary.

INTERIM ORDER

IT IS ORDERED that:

1. On or before July 1, 1971, Rancho Mirage Water Company may transfer to the Coachella Valley County Water District the water system herein referred to according to the terms and conditions of the agreement attached to the application, provided that Rancho Mirage Water Company shall (a) refund all customers' deposits (a total of approximately \$625) and within thirty days after the effective date of this decision file an affidavit to that effect with this Commission, and (b) shall place the sum of \$2,544.43 in escrow with a recognized bank or escrow agent, said sum to be payable only upon further order of this Commission.

2. Within thirty days after the consummation of the transfer authorized by ordering paragraph 1 hereof, Rancho Mirage Water Company 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. Upon compliance with the conditions of this order, Rancho Mirage Water Company may discontinue service concurrently with the commencement of service by Coachella Valley County Water District.

The effective date of the portion of this order authorizing transfer of the system and other physical assets of Rancho Mirage Water Company to Coachella Valley County Water District shall be the date hereof. The Commission will by further order determine the disposition of the funds in escrow.

Dated at San Francisco, California,
this 2nd day of APRIL, 1971.

[Signature]
Chairman
William J. [Signature]

[Signature]

Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.