

sjg/jmd

Decision No. 80135

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of OASIS PALMS WATER  
COMPANY, a corporation, for  
authority to sell its assets to  
the CITY OF INDIO, a municipal  
corporation, and for authority to  
cease operations as a public entity.

Application No. 53119  
(Filed February 1, 1972;  
Amendment Filed May 3,  
1972)

O P I N I O N

The application of Oasis Palms Water Company, a corporation, requests an order of the Commission authorizing the applicant to sell to the City of Indio, a municipal corporation, hereinafter referred to as City, the public utility water system and the property of applicant required for such use, pursuant to Section 851 of the Public Utilities Code of the State of California.

A copy of the Articles of Incorporation of the applicant is attached to Application No. 40801 on file with the Commission. On January 26, 1972, the City of Indio joined in the application and filed a request that it be granted.

Exhibits attached to the application are an agreement dated January 19, 1972, between the parties which, among other things, describes the property to be transferred and the manner and terms thereof; a balance sheet; statement of income and surplus accounts for periods ending June 30, 1971; and a map of applicant's service area.

The applicant alleges that the City of Indio is a municipal corporation organized under California law. It already owns and operates a domestic water system. The territory served by applicant is in or immediately adjacent to said City. The City of Indio is willing to undertake operation of applicant's system in conjunction with its system.

The agreement dated January 19, 1972 and amendment dated April 5, 1972 contains, among other things, the following provisions.

Applicant alleges that the City of Indio has financial resources greater than applicant and can economically and efficiently provide the necessary personnel, equipment, management, maintenance and accounting services for the operation of the system; that City can better provide capital necessary to the system and better overall planning for future development and service; and that City can better assure an adequate future water supply to its area.

Pursuant to the terms of the Agreement of Purchase and Sale, the City of Indio will pay a purchase price of \$220,000. Of this total, \$55,000 will be paid on the closing date and the balance in equal annual installments over a period of 20 years beginning 60 days after the closing, plus interest on the unpaid balance at the rate of 7-1/2 percent per annum.

Installments of principal and interest on the unpaid balance shall be and are special obligations of the City and shall be and are secured by a pledge of and lien upon and shall be and are a charge upon and shall be and are payable solely from the gross revenues of the water system to be acquired by the City pursuant to the agreement including all such water system as may be hereafter owned or operated by the City within the certificated area of the company as delineated on the map attached hereto and entitled "Exhibit A" hereof (hereinafter sometimes referred to as the "Water System"), including, without limitation, the water works to be acquired hereunder, and all improvements, extensions and additions to system later constructed and acquired within said certificated area, whether any of the foregoing lie in or out of the City. Such

gross revenues and any interest earned thereon will be held in trust for the payment of said installments of principal and interest on the unpaid balance and so long as any of said installments of principal or interest are unpaid, said gross revenues and interest thereon will not be used for any other purpose, except as permitted by the agreement and as it might be modified.

The general fund of the City will not be liable for the payment of said installments of principal or of interest on the unpaid balance, nor is the credit or taxing power of the City pledged for the payment of said principal or interest or premiums.

City covenants that in order to fully preserve and protect the priority and security of this agreement, City shall pay from the Oasis Water System Fund, and discharge all lawful claims for labor, materials, and supplies furnished for or in connection with the water system which, if unpaid, might become a lien or charge upon the revenues prior or superior to the lien of the agreement and impair its security. City will also pay from the Oasis Water System Fund all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect to the water system or upon any part thereof or upon any of the revenues therefrom.

After consideration, the Commission finds that:

1. The proposed sale by Oasis to the City of Indio is not adverse to the public interest.
2. The disposition of the obligations of Oasis, including main extension obligations and customer deposits, has been provided for in the agreement dated January 19, 1972 and amendment dated April 5, 1972, and the conditions of the agreement are not adverse to any interested parties or the public interest and the proposed transfer will be authorized, as provided in said agreement as amended.

The application was listed on the Commission's Daily Calendar of February 2, 1972. No protests have been received. A public hearing is not necessary. The application will be granted.

O R D E R

IT IS ORDERED that the Oasis Palms Water Company, a corporation, may sell and transfer its assets to the City of Indio in accordance with the terms and conditions of the Agreement of Purchase and Sale between the parties dated January 19, 1972 and amended April 5, 1972.

Upon execution and consummation of said sale, the applicant shall file a report to this Commission within thirty days after the closing date under said agreement showing all of the terms of the consummation of the said agreement.

Upon compliance with conditions of this order, Oasis Palms Water Company may discontinue service concurrently with commencement of service by the City of Indio and upon filing of the report shall be relieved of further obligations of a public utility water company.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 7th  
day of JUNE, 1972.

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Chairman  
  
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Commissioners