

ORIGINAL

Decision No. 81193

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MERCED WATER COMPANY)
 for an Order of the Public Utilities)
 Commission of the State of California)
 for Authority to Sell Its Water)
 System Assets, Together With All)
 Franchises, Permits and Operative)
 Rights Thereto to the City of Merced,)
 a California Municipal Corporation,)
 Which Joins In Said Application. }

Application No. 53790
 (Filed January 16, 1973)

O P I N I O N

Merced Water Company requests authority to sell and transfer its water system to the city of Merced.

Applicant owns and operates the water system serving the city of Merced and unincorporated areas of Merced County adjacent to the city. On November 7, 1972 the city voters authorized the city of Merced to purchase the Merced water system. On December 15, 1972, the company executed an agreement with the city of Merced to sell the water system for \$3,185,000. The original cost of the property involved is approximately \$4,041,972.

It is alleged that the city of Merced does not contemplate increasing the water rates presently in effect, which allegedly are sufficient to discharge the bond obligations contemplated in acquiring the system. The city of Merced expects to operate the system at less cost, due principally to tax savings and elimination of the profit factor.

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest, and upon consummation of the transfer, that public convenience and necessity would no longer require Merced Water Company to serve within the area herein considered. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Merced Water Company (Merced) may sell and transfer to the city of Merced (City) the property referred to in this proceeding in accordance with the agreement attached to the application as Exhibit 1.

2. On or before the date of actual transfer, Merced shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.

3. On or before the date of actual transfer, Merced shall deposit in escrow with a suitable bank, trust company, or other agent approved by the Commission, the total amount of unrefunded advances under contracts not assumed by City.

4. Before the date of actual transfer, City shall furnish Merced all information necessary to enable Merced to make main extension refunds as required.

5. Within ten days after the date of actual transfer, Merced shall submit written notification to this Commission of the refunding of deposits and establishment of escrow required herein, the date of transfer, and the date upon which purchaser shall have assumed 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.

6. Upon compliance with the above conditions of this order, Merced shall stand relieved of all its public utility obligations, except refund of advances for construction, in the area served by the transferred system and may discontinue services with the commencement of service by City.

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

Dated at Los Angeles California, this 27th
day of MARCH, 1973.

Vernon L. Stinger
President
William J. Snyders Jr.
William J. Snyders Jr.
William J. Snyders Jr.
William J. Snyders Jr.
Commissioners