

Decision No. 82181

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
WOODSIDE OAKS WATER COMPANY, a cor-
poration, and CALIFORNIA WATER SERVICE
COMPANY, a corporation, for an order
(1) authorizing the sale and transfer
to California Water Service Company of
the water distribution system and
certificate of public convenience and
necessity of Woodside Oaks Water
Company, the discontinuance of service
by Woodside Oaks Water Company in the
territory now served by it, and the
commencement of service in said ter-
ritory by California Water Service
Company at the rates and in accordance
with the rules applicable in the balance
of California Water Service Company's
Bear Gulch district, and (2) dismissing
Application No. 53749.

Application No. 54309
(Filed September 11, 1973)

In the Matter of the Application of
WOODSIDE OAKS WATER COMPANY, a Cali-
fornia corporation, under Section 454 of
the Public Utilities Code for authority
to increase our water rate.

Application No. 53749
(Filed December 14, 1972)

O P I N I O N

Woodside Oaks Water Company, a California corporation (seller) requests authority to sell and transfer the water system it operates in the Bear Gulch Service Area, city of Woodside. The system serves approximately 100 metered customers, with 18,800 feet of 2- to 8-inch mains and 25 hydrants. Seller is anxious to cease operating as a public utility as soon as the sale is accomplished and to dismiss its Application No. 53749, which requests a rate increase. The undepreciated book value of the system as of December 31, 1972 is \$172,436. The sale includes all properties,

franchises, operative rights, and assets which comprise the water system for a determined price of \$50,000. It does not include transportation equipment, accounts receivable, choses in action, cash on hand and in bank, unbilled revenues, materials, supplies, tools, shop equipment, or a certain storage tank. It also does not include refundable deposits held by seller to guarantee payment of water bills. These deposits will be refunded by the seller less any amount owed for past-due service.

California Water Service Company (buyer) is a California corporation engaged as a public utility in the business of supply and distribution of water for domestic and industrial purposes in many localities in the State of California. Balance sheets dated December 31, 1972 for buyer and seller are attached to the application. Buyer operates utilities with a valuation of over \$156,000,000 and a 1972 net income of more than \$4,600,000. Buyer operates contiguous to the system to be sold and will charge its new customers lower rates than seller.

We find with reasonable certainty that the project involved in this proceeding will not have a significant effect on the environment. A public hearing is not necessary. The proposed transfer is not adverse to the public interest. We conclude that the application should be granted subject to the conditions of the following order.

The authorization granted shall not be construed as a finding of the value of the rights and properties authorized to be transferred.

California Water Service Company is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights.

Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. Application No. 53749, filed by Woodside Oaks Water Company (seller) to request an increase in water rates, is dismissed.
2. Within one year after the effective date of this order, seller may transfer to buyer its water system serving Bear Gulch and vicinity, substantially in accordance with the terms of the agreement, Exhibit 4, attached to the application herein.
3. On or before the date of actual transfer, seller shall pay to holders of unexpired main extension agreements all unrefunded advances for construction related to those agreements and shall return to customers any refundable deposits made to establish credit.
4. Within thirty days after the date of actual transfer, seller shall file written notification of the refunding of advances and deposits, the date of transfer, and the date upon which buyer 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.
5. Upon completion of the sale and transfer authorized by this order and upon compliance with all the terms and conditions of

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this order, Woodside Oaks Water Company shall be relieved of its public utility obligations in connection with the utility system transferred.

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

Dated at San Francisco, California, this 27th day of NOVEMBER, 1973.

Simon L. Stein
President
William J. Simon
William J. Simon
William J. Simon
William J. Simon
Commissioners