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Decision No. 82283

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)
East Palmdale Ranchos to the City)
of Los Angeles Under Section 851)
of the Public Utilities Code.)

Application No. 54400
(Filed October 19, 1973)

O P I N I O N

Crestmore Village Water Company (Crestmore), a public utility water corporation, seeks authority to sell and transfer its East Palmdale Ranchos system to the city of Los Angeles (City). This system is approximately six miles northeast of Palmdale. The application states that the City is acquiring all property in the service area for an international airport. The purchase price of \$100,000 is payable in cash at close of escrow. The City joins in the application.

The application relies upon the description of utility plant set forth as Exhibit 2 in connection with Application No. 51234 filed July 3, 1969. However, Crestmore was subsequently authorized to sell and transfer its Bloomington system by Decision No. 77197 dated May 12, 1970 in Application No. 51789. The present application requests authorization to sell the East Palmdale Ranchos system. The staff advises that Crestmore will retain a small system acquired pursuant to Decision No. 51337 dated April 19, 1955 (identified as Palmdale Poultry Ranchos in Decision No. 51337 and in Application No. 51234 filed July 3, 1969). By letter dated November 12, 1973 Crestmore states it has nine metered customers on the system known as Palmdale Chicken Ranchos. Crestmore obtains water for these customers from the Palmdale Irrigation District.

Crestmore would be willing to give this system to anyone who would take over its operation.

Crestmore alleges that it has agreed to recompense two persons who have consumers' advances. Under the contract of purchase, Crestmore is to repay customer deposits of approximately \$600 to consumers. The staff recommends ex parte treatment.

This Commission has no authority to require service by the City. However, we have authorized this transfer in reliance upon the City's agreement to continue water service to existing customers as long as such customers require and need such service.

Findings

1. Public convenience and necessity require that Crestmore Village Water Company be authorized to sell and transfer its East Palmdale Ranchos system to the city of Los Angeles pursuant to the terms of the contract of purchase attached to the application as Exhibit A.

2. Existing customers on the system transferred should continue to receive water service from the City after the transfer. The Commission construes paragraph 8 of the contract of purchase as an agreement by the City to continue water service to existing customers as long as such customers require and need such service.

3. Upon completion of the transfer, Crestmore should be relieved of its public utility water corporation obligations as related to the system transferred.

4. Upon completion of the transfer, Crestmore's obligation to supply water to nine customers on its remaining system will continue.

5. The remaining nine-customer system is too small to support continued operations of a public utility water corporation. Public convenience and necessity require that some provision be made for the protection of persons served by this system, such as its acquisition by the irrigation district presently supplying water to it, or by forming a mutual water company.

6. Upon completion of the transfer, Crestmore should discharge its obligations relative to customer advances and deposits.

7. A public hearing is not necessary.

8. We find with reasonable certainty that the project involved in this proceeding will not have a significant effect on the environment.

O R D E R

IT IS ORDERED that:

1. Crestmore Village Water Company may sell and transfer its East Palmdale Ranchos system to the city of Los Angeles as set forth in the contract of sale attached to the application as Exhibit A.

2. Within thirty days of the closing date of the transfer authorized by ordering paragraph 1, Crestmore shall file with the Commission a true copy of the instrument effecting the transfer.

3. Within ten days of the closing date of the transfer, Crestmore shall return to consumers any refundable deposits and shall refund customers' advances. The Commission shall be immediately notified in writing if any amounts are not refunded within such ten-day period.

4. Upon the effective date of the transfer authorized in paragraph 1, Crestmore shall stand relieved of its public utility obligations as related to the system transferred and may discontinue service concurrently with the commencement of service by the City.

5. The City is obligated to continue service to existing customers on the transferred system pursuant to the contract of sale, so long as such customers require and need such service.

6. Crestmore shall place in escrow the cash received from the sale authorized herein after providing funds for discharge of all debts and outstanding obligations. Until further Commission order, said funds placed in escrow shall be used to assure continued water service in Crestmore's remaining service area.

7. Within sixty days after the effective date hereof, Crestmore shall file a written report with the Commission accounting for the funds in escrow pursuant to paragraph 6 and setting forth its plans for assuring continued water service to its remaining customers.

8. Crestmore's public utility obligations related to its remaining system shall continue within the service area of said remaining system.

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

San Francisco

Dated at _____, California,
this 3rd day of JANUARY, 1974

Vernon L. Sturgeon
President

[Signature]
[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.