

Decision No. 83720

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
STINSON BEACH WATER COMPANY, a
California corporation, and GEORGE P.
LEONARD dba GOLFITO WATER COMPANY
to sell the water system in the
Stinson Beach area to STINSON BEACH
COUNTY WATER DISTRICT.

Application No. 55196
(Filed September 24, 1974)

O P I N I O N

Applicant Stinson Beach Water Company (Company) was incorporated under the laws of California in 1939 as the Arenal Water Company, its name being changed to Stinson Beach Water Company in 1948. Applicant George P. Leonard (Leonard), doing business as Golfito Water Company, was found to be a public utility water corporation by this Commission in Decision No. 57293 issued September 2, 1958 in Application No. 39391 and Case No. 5998. Company is the owner and operator of a public utility water system serving the Stinson Beach area. It purchases water from Leonard, who owns the water rights to the water sources.

Stinson Beach County Water District (District) is a public agency organized and existing pursuant to the County Water District Law, California Water Code, Division 12. District's boundaries include all or substantially all of Company's service area and include all of company's present customers.

Under date of September 14, 1974, Company and Leonard entered into an agreement with District whereby District will purchase from Company all of its assets and District will purchase from Leonard all of his water rights and certain real and personal

property interests including tank sites, a well site, easements, rights-of-way, and rights of access, the effect of which will be to transfer to District the entire waterworks system serving Stinson Beach, Marin County, California. This agreement is subject to the approval of the Public Utilities Commission.

Under this agreement, a copy of which is attached to the application as Exhibit 2, District will assume and be liable for the following obligations of Company:

- (a) Obligations under Main Extension Agreements;
- (b) Obligation to one William Ross in the approximate amount of \$1,066, which is the balance due on an outstanding contract for the construction of the 420,000 gallon Stinson Ranch tank; and
- (c) Obligation to furnish water to the Stinson Beach area subject to the availability of water and at rates to be established by District.

Seller warrants that there are no customer deposits.

Under this agreement, the purchase price is \$200,000, allocated as follows:

Assets of Company	\$113,500.00
Water rights, real property interests, etc., of Leonard	86,000.00
Water rights of members of George P. Leonard's family	500.00

Under this agreement, the purchase price is to be paid as follows:

- (a) \$500 on the date of closing to the members of George P. Leonard's family.
- (b) \$199,500 on a deferred payment plan over a period of 25 years, bearing interest on the unpaid principal at the rate of 6 percent per annum, with interest only being payable for the first three years, said payments being made to a trustee who will allocate payments of principal to provide for payments first to Company's creditors, then to Company's shareholders, and then to Leonard. Company will be dissolved and liquidated within a 12-month period commencing September 8, 1974, with payments after liquidation to a trustee in liquidation.

Under this agreement, the closing date will be November 29, 1974 and upon that date it is contemplated that Company will cease operation of the waterworks system and District will commence operation of the waterworks system.

The applicants and the transferee believe that it is in the best interests of the water users in Company's service area to sell the waterworks system serving Stinson Beach under their agreement for the following reasons:

- (a) District has the financial capability to upgrade the water distribution system to provide improved fire protection service, an engineering study performed for District having determined that adequate fire protection service would require the expenditure of approximately \$350,000, which is beyond the financial capability of Company;
- (b) District aspires to provide total water resource management within the area, having already expended substantial funds for sewerage studies and presently continuing such efforts; and
- (c) District will give the water users and residents of the area a sense of local control by reason of its board of directors being directly elected.

A copy of Company's last financial statement, covering the period ended December 31, 1973, is attached to the application as Exhibit 3 and is also on file with the Commission pursuant to its rules and regulations pertaining to financial reports of regulated utilities.

Applicants request that the Commission (1) authorize them to transfer their water system assets serving the Stinson Beach area to the District for the consideration and under the terms and conditions set forth in the agreement attached to the application and (2) authorize them, upon completion of the sale, to discontinue water service within the Stinson Beach area and relieve them of their obligations as public utility water corporations.

The Commission finds that:

1. The proposed transfers will not be adverse to the public interest.
2. A public hearing is not necessary.
3. On the basis of the foregoing findings the Commission concludes that the application should be granted as provided by the following order.
4. With reasonable certainty 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. Within six months after the effective date of this order, applicants Stinson Beach Water Company and George P. Leonard, doing business as Golfito Water Company, may transfer their water system properties to Stinson Beach County Water District pursuant to the provisions of the agreement dated September 14, 1974, a copy of which agreement is attached to the application as Exhibit 2.
2. Within ten days after the actual date of transfer, applicants shall file in this proceeding (a) a written statement showing the date of transfer and the date upon which Stinson Beach County Water District assumed operation of the water systems herein authorized to be transferred and (b) a true copy of each instrument of transfer of said water systems.
3. Upon completion of the sales and transfers authorized herein and upon compliance with the terms and conditions of this order, Stinson Beach Water Company and George P. Leonard, doing business as Golfito Water Company, shall stand relieved of all of

their public utility obligations in the area served by the transferred water systems and may discontinue service concurrently with the commencement of service in said area by Stinson Beach County Water District.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 13th
day of NOVEMBER, 1974.

Vernon L. Stinson
President
William J. Quinn

Robert E. Mykland
Commissioners

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