

Decision No. 86529

ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of ARROYO SECO RESORT, a corporation,  
for authorization to control ARROYO  
CENTER WATER CO., INC. }

Application No. 56661  
(Filed August 2, 1976)

O P I N I O N

Arroyo Seco Resort, a California corporation, seeks authority to control Arroyo Center Water Company, Inc. through the purchase of all of the outstanding stock of Arroyo Center Water Company, Inc. pursuant to Section 854 of the Public Utilities Code.

A certificate of public convenience and necessity was granted to Fred Matias, dba Arroyo Seco Water Company by Decision No. 43474, dated November 1, 1949, in Application No. 30224. Pursuant to Decision No. 62709, dated October 24, 1961, in Application No. 43699, Arroyo Seco Water Company was transferred to Arroyo Center Water Co., Inc. and was authorized to issue no more than 1,000 shares of no par common stock.

Arroyo Seco Resort is purchasing from Daniels & House Construction Co., Inc. all of the outstanding stock of its two wholly owned subsidiaries, Arroyo Center, Inc. and Arroyo Center Water Company, Inc. Arroyo Center, Inc. provides cabin sites and/or land divisions generally under 99-year leases in an area known as Fred's Camp. Arroyo Center Water Company, Inc. provides water utility service to this area. Applicant desires to control the water utility because it serves the lands now to be owned by applicant.

The water utility serves 59 customers in the unincorporated area known as Fred's Camp located along the Arroyo Seco River in the south one-half of Section 31, Township 19 South, Range 5 East, M.D.B. & M. approximately 22 miles southwest of Soledad. Water is supplied from a shallow well in the flood plain of the Arroyo Seco River approximately fifty feet from the main channel. Water is

pumped from the well into the distribution system and a concrete reservoir of approximately 22,000 gallons. In addition, water is boosted from the reservoir through a higher hydropneumatic pressure tank to the higher service level.

Under the terms of the Agreement for the Sale of Land and Stock, attached to the application as Exhibit A, Arroyo Seco Resort agrees to pay Daniels & House Construction Co., Inc. \$10,000 for the purchase of all outstanding 1,000 shares of Arroyo Center Water Company, Inc. In addition, the agreement provides that the buyer, Arroyo Seco Resort, intends to file a petition with the Commission authorizing the water utility to abandon its service as a public utility, so that it may simply provide private water service.

Applicant alleges that:

1. There are no customer deposits to establish credit.
2. There are no main extension advances.
3. Customers have been notified of the proposed sale.

The utility's source of supply is adequate to serve its present customers. Arroyo Seco Resort plans to upgrade its present facilities by:

1. Installing a new and larger water line from the well to its storage facility.
2. Installing a 6"-main from its storage facility to its existing distribution system.
3. Extending present well casing up approximately five feet above the high flood plain of the Arroyo Seco River.

With regard to the applicant's statements regarding its intention to abandon service as a public utility and serve only its resort customers we will reserve judgment until applicant has made the appropriate filing. However, applicant is forewarned that this Commission is not aware of any circumstances where a water utility, providing service as contemplated by applicant, has not been held to be a public utility subject to regulation by this Commission. Before accepting this authority applicant should give serious consideration to the effect of a denial of an abandonment application on its intended plans.

After consideration the Commission finds that control of Arroyo Center Water Co., Inc. by Arroyo Seco Resort would not be adverse to the public interest and concludes that the application should be granted. The Commission also finds that the purchasers' proposed improvements are necessary to provide an adequate level of service to the customers. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. A public hearing is not necessary. The action taken herein shall not be construed as a finding of the value of the capital stock of Arroyo Center Water Co., Inc.

O R D E R

IT IS ORDERED that:

1. Arroyo Seco Resort may control Arroyo Center Water Co., Inc. Arroyo Seco Resort shall notify this Commission within thirty days after acquiring control of the utility.

2. Applicant, Arroyo Seco Resort, shall make the following improvements to the system:


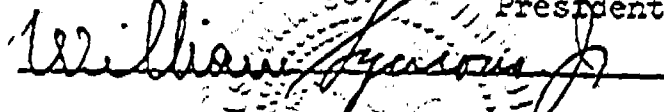
- a. Install a larger water line from the well to the existing storage tank.
- b. Install a six-inch water main from the existing storage tank to the distribution system.
- c. Extend the existing well casing so it extends five feet above the usual flood stage of the Arroyo Seco River.

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These improvements are to be completed within two years of the effective date of this order. Applicant shall report semiannually to the Commission on the progress of completion of these ordered improvements.

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

Dated at San Francisco, California, this  
19th day of OCTOBER, 1976.

  
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President  
  
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Robert B. Sturgeon  
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.