

ORIGINAL

Decision No. 87965 OCT 12 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
 SOUTHWEST SUBURBAN WATER, a California
 Corporation, and CUCAMONGA COUNTY WATER
 DISTRICT, a County Water District, for
 an order authorizing the transfer of
 water utility facilities to Cucamonga
 County Water District and for Southwest
 Suburban Water to discontinue water
 service in its Etiwanda District.

Application No. 57346
 (Filed May 25, 1977)

O P I N I O N

Southwest Suburban Water (Southwest Suburban) requests authority to sell and transfer its water utility facility in the Etiwanda District to Cucamonga County Water District (Cucamonga), a public agency of the State of California. Cucamonga joined in the application.

The water utility facility is located in the unincorporated community of Etiwanda in San Bernardino County and serves approximately 400 customers. The Etiwanda District was acquired from Southwest Suburban's parent Southwest Water Company, on August 1, 1976, in accordance with the authorization of this Commission in Decision No. 86063.

The agreed purchase price will be equal to \$373,170 plus (a) the amount of active accounts receivable with respect to this system at the closing date, (b) the actual cost of plant additions through the closing date approved by Cucamonga less the amount of advances for construction incurred with respect thereto, and (c) any amount owing to Southwest Suburban upon proration of property taxes and assessments through the closing date.

The closing of the proposed transaction is subject to satisfaction of certain conditions prior to or on the closing date as outlined below:

- A. The delivery of customary transfer documents, title insurance policy and a release of the property from the liens of Southwest Suburban's mortgage bond indentures.
- B. Southwest Suburban shall have obtained the authorization of the Public Utilities Commission to sell and transfer the subject properties to Cucamonga upon the terms set forth in the Agreement of Sale.
- C. Cucamonga shall have annexed the Etiwanda Service Area. Such annexation requires the approval of the Local Agency Formation Commission of San Bernardino County and approval of the voters in the area to be annexed.
- D. The authorization of a bond issue for the purchase, by the voters of the area. Pursuant to the Agreement of Sale, Cucamonga may, but need not, elect to proceed with the purchase if the bond issue is not authorized by the voters.

Reasons for the transaction are described as follows: Cucamonga has the power to acquire the subject property through a condemnation proceeding and indicated its willingness to do so if a negotiated sale was not arranged. Southwest Suburban felt that a lengthy and expensive condemnation proceeding would not serve in the best interest of Southwest Suburban, its customers or its shareholders. Southwest Suburban believes that the price and terms provided for in the Agreement of Sale are reasonable.

Cucamonga serves customers located in areas adjacent to the Etiwanda Service Area and is familiar with and able to operate the properties and service system to be transferred to it through the proposed transaction. The property to be transferred represents a very small part of Southwest Suburban's total property, is several

miles distant from Southwest Suburban's other service areas and is not necessary to or useful in the operation of Southwest Suburban's water systems in its other service areas.

Cucamonga has joined in this application and will assume, if the proposed transaction is completed, the obligation to provide water service to existing and future water customers within the Etiwanda Service Area, in accordance with Cucamonga's rules and regulations. Accordingly, present and future customers will experience no lack of water service by virtue of the proposed transaction.

The Board of Directors of Cucamonga has approved the Agreement of Sale at a meeting held February 2, 1977. The Board of Directors of Southwest Suburban has approved the Agreement of Sale at a meeting held February 15, 1977, and the vote of Southwest Suburban's shareholders is not required.

There is no indication that transfer of ownership of this transaction will have any adverse effect on the environment. However, Cucamonga intends to consolidate several water systems, to provide uniform water service, improved supply for fire protection and as such plans to build a water treatment plant to meet current and foreseeable future requirements. Cucamonga indicated that an Environmental Impact Report will be prepared, pending the results of the November 8, 1977 election for passage of the annexation measure.

The new rates, as assured by Cucamonga's representative, will be lower than the current rates. Although the new rates are not known, their present rates are 40 percent less than the current rates. The customers have been notified of the proposed transfer.

Findings

1. The proposed transfer would not be adverse to the public interest.
2. The authorization granted should not be construed as a finding of value of the rights and properties authorized to be transferred.

3. Due to the urgency expressed by both Southwest Suburban and Cucamonga, the effective date of this order should be the date hereof, subject to the official count and favorable vote of two-thirds of the number of customers residing within the Etiwanda District's Service Area, passing a ballot measure for annexation of the Etiwanda District Service Area by Cucamonga, which election is scheduled for November 8, 1977.

4. Upon consummation of the sale and transfer, Southwest Suburban shall be relieved of its obligation to provide public utility water service within Etiwanda District.

5. A public hearing is not necessary.

Conclusion

The Commission concludes that this application be granted in accordance with the ensuing order.

O R D E R

IT IS ORDERED that:

1. On or before June 30, 1978, or subject to conditions as described in paragraph 4.d. in the Agreement of Sale, Southwest Suburban Water may sell and transfer the water utility facilities referred to in the application to Cucamonga County Water District, according to the terms and conditions in the Agreement of Sale attached to the application and subject to the results of the November 8, 1977 election.

2. Within ten days after the completion of the transfer, Southwest Suburban Water notify the Commission, in writing, of the date of transfer and of the date upon which Cucamonga County Water District shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

3. As a condition of this grant of authority, Southwest Suburban Water shall assume all liability for refunds of main extension advances, if any, which are subject to refund, in the areas within the Etiwanda District.

4. On or before the date of actual transfer, Southwest Suburban Water shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund, in the areas within the Etiwanda District.

5. On or before the date of actual transfer, Southwest Suburban Water shall deliver to Cucamonga County Water District, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the water system authorized to be transferred.

6. Upon compliance with all the terms and conditions of this order, Southwest Suburban Water shall be relieved of its public utility obligations in connection with the water system transferred.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this
12th day of OCTOBER, 1977.

Robert Bateman
President
William J. Gannon
Vernon L. Spurgeon
Robert D. Swale
Clair J. DeBrie
Commissioners