

ORIGINAL

Decision No. 89403 SEP 19 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CALIFORNIA WATER SERVICE COMPANY,
a corporation, for an order
authorizing the sale and transfer
to the Stockton-East Water District
of public utility property of
Applicant in the Stockton District.

Application No. 58311
(Filed August 24, 1978)

O P I N I O N

The California Water Service Company, a California corporation (Seller) requests authority under Section 851 of the Public Utilities Code to sell and transfer a portion of its property in its Stockton District to the Stockton-East Water District (District). District, in order to expedite the granting of the authorization requested, joins in the application as an Applicant.

The property, itemized in the Agreement, consists of two producing wells, together with pumps, piping, electrical equipment, and related facilities, which are located immediately adjacent to the existing water treatment plant of District. The sale price is \$278,494.

Seller, under date of February 11, 1975, with others, entered into an agreement with District providing for the annual delivery by District of 20,000 acre-feet of treated water from District's water treatment plant. District desires to acquire the property in order to assist the District in meeting its obligations during dry years and other occasions when a shortage of water may occur. District proposes to purchase the property with funds which have been available to District from the Economic Development Agency of the United States for drouth relief, and with funds from existing

reserve accounts. District alleges that the cost of acquisition of the property will not be reflected in any way as a charge to or expense imposed on the utility or its customers.

Seller alleges that the replacement cost less depreciation of the property is approximately \$537,000, and the depreciated cost of the property (net book cost) is \$278,494. Because Seller's customers will retain the benefit of the wells, in addition to a reduced rate base, as provided in the Agreement, Exhibit 2 to the application, Seller is willing to convey the property to District at its depreciated cost of \$278,494, and will pass through to its customers the benefits resulting from the reduction of its rate base by Advice Letter filing, unless this Commission takes such reduction into account in its decision in Seller's pending Application No. 57328.

The purchase price of \$278,494 will be paid by District to Seller in cash at closing of the sale.

The Commission staff has been advised by counsel for District that funds from the Economic Development Agency will not be available after September 30, 1978, and that failure to receive authorization before that time will result in placing the burden of purchase on the customers.

After consideration, the Commission finds that the proposed transfer will not be adverse to the public interest. The application should be granted. A public hearing is not necessary. The need for expeditious approval is urgent, requiring a Commission decision without notice on the agenda.

It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

O R D E R

IT IS ORDERED that on or before December 31, 1978,
California Water Service Company may sell and transfer the property
referred to in the application to the Stockton-East Water District.

The effective date of this order shall be the date hereof.

Dated at SAN Francisco, California, this 19th
day of SEPTEMBER, 1978.

Robert Bafucian
President
William Squore Jr
Joseph L. Sturgeon
Robert W. Swartz
Clair J. Dillman
Commissioners