

**ORIGINAL**

Decision No. 89456 OCT 3 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PARK WATER COMPANY, )  
 and the CITY OF PARAMOUNT for an )  
 Order authorizing the transfer of )  
 certain properties of PARK WATER )  
 COMPANY to the CITY OF PARAMOUNT. )

Application No. 58242  
 (Filed July 18, 1978)

O P I N I O N

Park Water Company (Seller), by Application No. 58242, requests authority to sell and transfer a portion of its water system located in the cities of Paramount and South Gate, in Los Angeles County, to the City of Paramount (Purchaser), and to be relieved of its public utility obligations within the areas so transferred. ✓

Seller alleges that the net book cost of the properties for which authorization to transfer is requested is \$856,335. The sale price is \$983,450 for the water system plant, serving approximately 2,225 water services, and other properties, as itemized in the agreement, Exhibit B to the application, plus \$1,050,000 for 3,750 acre-feet of total water rights with currently allowed water pumping rights of 3,000 acre-feet, calculated at \$350 per acre-foot of pumping rights, for a total sale price of \$2,033,450, adjusted as required by the agreement for changes in the number of water services at the date of closing. Terms are cash, paid in full at the date of closing. The plant to be sold includes certain of Seller's facilities within the City of South Gate, which are described in the agreement as being inextricably connected with Seller's water distribution system in Paramount. The agreement also provides for future settlement for portions of the system now in litigation due to highway construction.

The date of closing is given as October 10, 1978, unless a later date is agreed to in writing by both parties.

Purchaser agrees to assume those main extension agreements of Seller relating to the services to be sold. Seller agrees to refund deposits to secure credit, less any outstanding balances due.

Purchaser alleges it has declared, publicly and by way of resolution, its intention to initiate proceedings to acquire through the power of eminent domain the water supply and distribution system of Seller within its boundaries as well as the water facilities and other related properties of Seller within South Gate.

The agreement to sell was entered into by Seller under threat of condemnation, to avoid extensive litigation and its costs. No useful purpose would be served by requiring Purchaser to institute eminent domain proceedings to acquire the properties.

Purchaser intends to charge customers of the facilities acquired from Seller the same rates currently charged by Seller.

After consideration the Commission finds that the proposed sale and transfer would not be adverse to the public interest. The application should be granted. A public hearing is not necessary.

The Commission concludes that in order to permit the parties to meet the date of closing of October 10, 1978, and as there appears to be no need for delay, the effective date of this order should be the date hereof.

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

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1978, Park Water Company may sell and transfer the water system (and other assets) referred to in the application to the City of Paramount, according to the terms and conditions attached to the application.

2. On or before the date of actual transfer, Seller shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.

3. As a condition of this grant of authority, Purchaser shall assume all liability for refunds of main extension advances, if any.

4. Within ten days after the completion of the transfer, Seller shall notify the Commission, in writing, of the date of transfer, of the refunding of the deposits, and of the date upon which Purchaser shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

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

6. As a condition of this grant of authority, Purchaser shall not apply different rates, rules, and conditions of service for customers receiving water service outside of the municipal boundaries than it applies to customers receiving water service within the boundaries, except to the extent necessary to offset any tax burden or other assessment sustained by the customers within the boundaries which results in a benefit to the customers outside the boundaries.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 3rd day of OCTOBER, 1978.

Rolund Bateman  
President  
William S. Jones Jr.  
Vernon L. Johnson  
Richard W. Gavelle  
Clare T. DeWitt  
Commissioners