

ORIGINAL

Decision No. 90550 JUL 17 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PARK WATER COMPANY, and
 the CITY OF SOUTH GATE, a municipal
 corporation, for an Order authorizing
 the transfer of certain properties of
 PARK WATER COMPANY to the CITY OF
 SOUTH GATE.

Application No. 58882
 (Filed May 21, 1979)

O P I N I O N

Park Water Company (Seller), by Application No. 58882, requests authority to sell and transfer a portion of its water system located in the City of South Gate, in Los Angeles County, to the City of South Gate (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 \$137,518. The sale price is \$878,900 for the water system plant, serving approximately 597 water services, and other properties, as itemized in the agreement, Exhibit B to the application, which includes 2,500 acre-feet of total water rights with 2,000 acre-feet of currently allowed water pumping rights. Terms are cash, paid in full on the date of closing.

The agreement provides that Purchaser shall assume those main extension agreements relating to the services to be sold. Seller alleges that there is only one main extension agreement outstanding. Seller agrees to refund deposits to secure credit, less any outstanding balances due.

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Purchaser alleges that, by Resolution adopted September 25, 1978, the City Council of South Gate unanimously authorized the acquisition of properties of Seller located within its boundaries, such acquisition to be made by negotiation under threat of condemnation or through condemnation. News articles of the proposed purchase were published in the South Gate Press on September 27, 1978, and March 28, 1979. Copies have been placed in the file for this application. No protests have been received.

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 Purchaser, which are alleged to be less than those 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.

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, 1979, Park Water Company may sell and transfer the water system (and other assets) referred to in the application to the City of South Gate, according to the terms and conditions attached to the application.

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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.

The effective date of this order shall be thirty days after the date hereof.

Dated JUL 17 1979, at San Francisco, California.

John E. Supra
President
James L. Lutz
Robert W. Gwathmey
William T. DeLoach
Franklynn Smith
Commissioners