

ORIGINAL

Decision No. 91035 NOV 20 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CHINO BASIN MUNICIPAL WATER
DISTRICT, a public agency, to
acquire the sewerage system
properties of ONTARIO UTILITY
SERVICES.

Application No. 58956
(Filed June 21, 1979)

O P I N I O N

Chino Basin Municipal Water District (Buyer), a public agency, and Ontario Utility Services (Seller), a California corporation, a regulated sewer utility, entered into an agreement on February 27, 1979 for Seller to sell and transfer to Buyer the property and rights owned, used, and controlled by Seller. Buyer now requests Commission approval of said agreement under the provisions of the California Public Utilities Code Sections 851-854.

Seller provides sewer services in Etiwanda, San Bernardino County, to approximately 115 residential customers.

Seller wishes to sell the sewer system as it is not a viable operation.

Buyer is a public agency, organized and existing pursuant to the Municipal Water District Law of 1911. Buyer desires to acquire the sewer system as it owns and operates a regional sewerage system for the transmission, treatment and disposal of sewage, waste, and wastewaters for all of the public agencies in the west end of San Bernardino County. Sewerage facilities of Seller are within the boundaries of Buyer, and subject to taxes collected by Buyer.

Buyer has staff and equipment sufficient to operate said sewerage facilities of Seller in a more efficient and economic manner. Also, Buyer can obtain financing on terms more favorable than can be obtained by Seller for constructing needed improvements.

Property involved is described in the Sewage Facilities Acquisition Agreement, Exhibit A to the application. It includes the rights to property leased from Ameron, Inc.

Terms of the sale are as stated in the acquisition agreement. Payment in full consists of payment of all taxes due and owing on the property involved on the closing date, and of payment of all rent due to lessor and owing by Seller under the Ameron lease on the closing date. All funds held on deposit for sewer service will be returned to the customers, and all sums prepaid for sewer service will be transferred to the District for the credit of said customer.

Although not mentioned in the application, Seller has also operated a sewage disposal service near Guasti, San Bernardino County, for which a tariff schedule was filed. As the application requests relief from its public utility obligations, the staff, by letter dated July 11, requested information of the status of that operation. In reply, the staff has been informed by letter dated October 8, 1979 from Clayson, Rothrock & Mann, attorneys for Buyer, that this operation no longer has any customers, has been abandoned, and the treatment plant has been disposed of previously. The trunk sewers in the Guasti area will be transferred to Buyer. Correspondence supporting this matter has been entered into the Commission file.

The terms of the agreement, signed February 27, 1979, provide for Buyer to assume responsibility for providing sewer service to customers of Seller for an interim period of ninety days after signing of the acquisition agreement, with provision of

extension upon written agreement of the parties in the event the ninety days expired prior to closing date. The Commission staff has been informed by the attorneys for Buyer that Buyer is still operating the sewer system and intends to continue on that basis until escrow is closed.

Buyer notified customers of its intent to buy the system on October 17, 1979. A copy of the notification has been received and is in the Commission file on this matter. No protests have been received from the customers.

Buyer is presently continuing the \$10 per month charge of Seller. After transfer the rate to be charged will be determined in accordance with the provisions of the "Chino Basin Regional Sewage Service Contract". The attorneys for Buyer have stated that it will probably be lower than the present \$10 rate.

Findings of Fact

1. The Chino Basin Municipal Water District (Buyer) is a public agency capable of operating and maintaining the sewerage system properties of the Ontario Utility Services (Seller).
2. Buyer has been operating Seller's sewerage system since the signing of the acquisition agreement and plans to continue operating it until transfer of the system is completed.
3. The rates to be charged by Buyer, after transfer, will be determined in accordance with the provisions of the Chino Basin Regional Sewage Service Contract.
4. The proposed transfer would not be adverse to the public interest.
5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The application should be granted to the extent set forth in the following order.
2. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. On or before January 31, 1980, Ontario Utility Services may sell and transfer the sewer system and other assets referred to in the application to Chino Basin Municipal Water District, 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 and advances for construction, if any, which are subject to refund.
3. Within ten days after the completion of the transfer, Seller shall notify the Commission, in writing, of the date of transfer, and of the date of the refunding of the deposits. A true copy of the instruments of transfer shall be attached to the notification.
4. 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 sewer system transferred.

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

Dated NOV 20 1979, at San Francisco, California.

Commissioner Richard D. Gravello, being necessarily absent, did not participate in the disposition of this proceeding.

John E. Byron
President

James L. Sturgeon

Richard D. Gravello

Frank W. Ginn
Commissioners