

Decision No. 91563

APR 15 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DAVID S. ADAMS & SONS, INC. )  
to transfer and NORTH MARIN COUNTY WATER )  
DISTRICT to acquire a public utility water )  
system. )

Application No. 59489  
(Filed March 3, 1980)

O P I N I O N

David S. Adams & Sons, Inc. (seller) and North Marin County Water District (buyer) jointly request authority under Section 851 of the California Public Utilities Code for seller to sell and transfer to buyer the water system serving a subdivision known as Paradise Ranch Estates No. 2 located on the west side of Tomales Bay in Marin County.

The public utility water system (system) to be conveyed for the sum of one dollar (\$1.00) currently serves 83 metered domestic water customers and 1 metered commercial customer.

Seller is a California corporation and a copy of its articles of incorporation is on file with the Public Utilities Commission in the file on Application No. 55727. Seller operates the system as a public utility pursuant to Decision No. 86677, dated November 23, 1976, in Case No. 9916. Recent financial data of seller is set forth in Decision No. 89725, issued December 12, 1978, in Application No. 57808.

Buyer is a County Water District, organized and operating pursuant to Division 12 of the California Water Code. The territory served by buyer consists of portions of northern and western Marin County, such service territory being more fully illustrated on Exhibit "A" attached to the application.

The application states that the system and related property to be conveyed by seller to buyer consists of the entire existing water system constructed to serve the Paradise Ranch Estates subdivision, including sources of supply and existing storage and treatment facilities and all other facilities, real property, water rights, easements and appurtenances related thereto. Specimen grant deeds for the real property and easement conveyances acceptable to the seller and the buyer will be submitted to the staff for approval prior to transfer. A copy of the proposed bill of sale for equipment and personal property and a map of the system are attached to the application.

Seller's reason for entering into the proposed transaction is that it is unable to operate the water system at a profit and is financially unable to make improvements required to the system.

Buyer seeks to acquire the system in order to facilitate comprehensive improvements to it and to increase buyer's revenue base. Such proposed improvements include the installation of fire protection capability to Paradise Ranch Estates and adjacent service territory of buyer. To finance the improvements, buyer has established Improvement District No. PRE-1 by Resolution No. 79-66 of its Board of Directors. A copy of this resolution is attached to the application. On November 6, 1979, the voters of Improvement District No. PRE-1 authorized the issuance of \$240,000.00 revenue bonds to provide part of the funds that will be required. Buyer has applied to Farmers Home Administration ("FmHA" for a grant of additional funds and a commitment to purchase the bonds of Improvement District No. PRE-1.

The application states that the following actions are conditions precedent to buyer's acceptance of the water system: (1) receipt of a satisfactory responsible contractor's bid to construct the improvements; (2) sale of the bonds of Improvement

District No. PRE-1 to FmHa, and (3) receipt of a sufficient grant from FmHA. Seller states that it will immediately notify the Commission when these actions have been accomplished.

Seller's meters will be read on the date of transfer and seller will assign to buyer its accounts receivable for service up to that date. Buyer agrees to give seller a credit against any amounts owed it by seller equal to the amounts of such assigned accounts receivable collected by buyer. Seller warrants that it is not a party to or obligated under any unperformed reimbursement contract and that the utility properties to be transferred to buyer are not subject to any lien or encumbrance. Seller acknowledges that it has no claim against any of its customers except accounts receivable for water service rendered, and further warrants that it shall not make any claim or demand against any of its customers or buyer for any operational loss sustained by it up to the date of transfer.

The purchase price for the system is recited as being one dollar (\$1.00), seller's release from its public utility obligations, and buyer's undertaking these obligations as well as obligations for improvement of the system.

Buyer, although not subject to the jurisdiction of the Commission, joins in the application to expedite the granting of the authorization requested and covenants, if the same is granted, to undertake public utility water service in the territory now served by seller. The application shows that it is in the public interest that the matter of transfer of title and possession of the operating utility properties of seller be determined as soon as possible so that buyer can proceed with the improvement and extension thereof.

In connection with the proposed transfer of the system, buyer, acting as Lead Agency pursuant to the California Environmental Quality Act, has caused to be prepared and has approved a draft and final Environmental Impact Report. A notice of determination that the project will not have a significant effect on the environment is attached to the application.

Buyer notified customers of its intent to buy the system prior to August, 1979. No protests have been received from the customers.

Findings of Fact

1. The proposed sale and transfer is not adverse to the public interest.
2. As buyer requires early approval in order to expeditiously proceed with improvements on the system, the effective date of this order should be the date of signing.

Conclusions of Law

1. The application should be granted as 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 May 31, 1980, David S. Adams & Sons, Inc. (seller) may sell and transfer the water system and other assets described in the application to North Marin County Water District according to the terms and conditions set forth in 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.

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3. 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, if any, and of the date upon which North Marin County Water District (buyer) shall have assumed operation of the water system. 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 water system transferred.

The effective date of this order is the date hereof.

Dated APR 15 1980, at San Francisco, California.

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President  
*James L. Sturgeon*  
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*Robert D. Howell*  
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*Charles T. ...*  
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*James ...*  
Commissioners

Commissioner John E. Bryson,  
being necessarily absent, did  
not participate.