

Decision 00-03-009 March 2, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of Citizens Utilities Company of California (U87W) and Arcade Water District for an Order Authorizing Citizens Utilities Company of California to Transfer and Assign its Water Service and Related Facilities Known as Sierra Oaks in Sacramento County to Arcade Water District.

Application 99-07-028
(Filed July 14, 1999)

O P I N I O N**Summary**

This decision authorizes Citizens Utilities Company of California (Citizens) to sell its Sierra Oaks water system to Arcade Water District (Arcade), and relieves Citizens of its associated public utility obligations when the transfer is complete.

Discussion

Citizens seeks authority under Pub. Util. Code § 851 to sell its Sierra Oaks water system in Sacramento County to Arcade Water District. Citizens is a California corporation and a subsidiary of Citizens Utilities Company, a Delaware corporation. Arcade is a county water district formed and existing under California Water Code § 30000 *et seq.*

Citizens provides public utility water service through four California operating districts. One of those, Sacramento District, consists of individual water systems with approximately 54,000 customers in the unincorporated areas of Sacramento and Placer Counties, and the City of Isleton. This application relates to two small Sacramento District systems serving approximately

100 customers. Although the application refers to these collectively as Sierra Oaks water system or the Sierra Oaks service area, it also makes clear the proposed sale is of two separate and distinct public utility water systems and related facilities.

Citizens and Arcade have executed a purchase agreement establishing the sales price at \$205,000, with adjustments for any plant improvements subsequent to the date of the agreement and for accounts receivable and unbilled water charges pending on the closing date. Both the application and the purchase agreement state that Arcade is prepared to acquire the system through condemnation if necessary, but would prefer the transfer be accomplished pursuant to Commission authorization. The executed purchase agreement notes the sale is subject to Commission approval and Sacramento County LAFCO (Local Agency Formation Commission) approval. Citizens reports that LAFCO has granted approval.

After closing, Arcade would assume responsibility for furnishing water service to all customers in the Sierra Oaks service area without discrimination. Citizens would be relieved of its public utility responsibility to Sierra Oaks customers.

Notice of the application appeared on the Commission's Daily Calendar July 21, 1999. The only response was from Ratepayer Representation Branch of the Commission's Water Division which wrote to the assigned Administrative Law Judge on August 6, 1999 that it had investigated the Application and concluded the sale as proposed would not adversely affect Citizens' remaining Sacramento District ratepayers. Ratepayer Representation Branch recommends the Application be granted *ex parte*.

Procedural Considerations

In Resolution ALJ 176-3020, the Commission preliminarily categorized this as a ratesetting proceeding, and preliminarily determined that a hearing would not be necessary. There are no material facts in dispute, no protests have been received, and there is no known opposition to granting the full relief requested. We conclude that it is not necessary to disturb our preliminary determinations.

This is an uncontested matter which pertains solely to water corporations. Accordingly, pursuant to Pub. Util. Code § 311(g)(3), the 30-day period for public review and comment does not apply.

Findings of Fact

1. Citizens' sale of Sierra Oaks water system to Arcade Water District as proposed in the application is not adverse to the public interest.
2. There is no known opposition to granting the authorization requested.

Conclusions of Law

1. A public hearing is not necessary.
2. Pursuant to California Health and Safety Code Section 116525, a change in ownership of a public water system shall, and a change in regulatory jurisdiction may, require application for a new operating permit from the California Department of Health Services.
3. The Application should be granted as set forth in the following order.
4. The order that follows should be made effective immediately to allow Citizens and Arcade to complete the transaction without delay.

O R D E R

IT IS ORDERED that:

1. Citizens Utilities Company of California (Citizens) is authorized to sell and transfer its Sierra Oaks water system and related facilities to Arcade Water

District (Arcade) as proposed in Application 99-07-028. This authorization shall expire if not exercised within one year of the effective date of this order.

2. Within 10 days after closing, Citizens shall file an advice letter making only such revisions to its tariffs as are necessary to reflect the Sierra Oaks water system sale and transfer. Concurrently with the advice letter filing, Citizens shall provide to the Commission's Water Division a separate compliance letter notifying Water Division of the date on which the transfer was consummated and attaching a true copy of the sale and transfer instrument(s).

3. Citizens shall provide notification of the transfer to Sierra Oaks water system customers, either with its last billing or through a special mailing. The customer notice shall include the date Arcade will assume responsibility from Citizens, and an address and telephone number(s) at which customers may reach Arcade for water service problems and for information from Arcade about the transfer and its effect on them.

4. Upon completion of the transfer in conformance with this order and Arcade Water District's assumption of responsibility for Sierra Oaks water service, Citizens shall have no further public utility obligations in connection with the Sierra Oaks water system.

5. Application 99-07-028 is closed.

This order is effective today.

Dated March 2, 2000, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
CARL W. WOOD
LORETTA M. LYNCH
Commissioners