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Decision No. 72735

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of R. C. Soults and Ethel V. Soults, doing business as TULCO WATER COMPANY, holding Decision No. 55878 to operate a public utility water system, request permission to transfer their certificate to Horace Nish and Lucille M. Nish, doing business as NISH WATER COMPANY, 1211 Wren, Visalia, California.	Application No. 45989 (Filed December 2, 1963; reopened February 18, 1964; amended April 28, 1964; reopened February 21, 1967.)

O P I N I O N

Applicants presently provide service to about 357 customers in the two noncontiguous systems operated by Tulco Water Co., known as the Visalia plant and the Tulare plant. The latter area is also identified as Allen Acres, Tract 132, about three miles east of Tulare, in which 120 flat rate customers are presently being served.

Tulco Water Co. was granted a certificate of public convenience and necessity to serve an area north and west of Visalia, known as Tract 260, Tulare County, by Decision No. 55878, dated December 3, 1957, in Application No. 39352.

During the course of the examination by the staff of applicant's request for rate increases for the Tulare area, Application No. 48628, applicants revealed that the Visalia Water System was sold to Horace Nish and Lucille M. Nish on a conditional sales contract, dated October 10, 1963. Authority to make such a transfer was denied by Commission Decision No. 68156, dated November 2, 1964, in Application No. 45989 amended. This proceeding was

reopened by Decision No. 72040, dated February 21, 1967, to determine whether or not Decision No. 68156 should be altered or amended and to permit a review of the earnings of the total company in connection with the present rate filing for the Tulare system.

As set forth in the Commission staff report, dated May 24, 1967, hereby received as Exhibit No. 1, Exhibit A of the amended application in this proceeding is a copy of a conditional sales contract executed between the parties. The contract shows a selling price of $49,000 and the Bank of America, Tulare Branch, is the lending agency. The contract provides for the following:

Cash Selling Price	$49,000
Less: Total Down Payment	16,000
Unpaid Balance	33,000
Finance Charge	6,159
Contract Balance	39,159

The contract balance is payable in 36 equal monthly installments of $400 each, payable commencing November 25, 1963, plus $2,000 annual payments due November 25, 1964, 1965 and 1966, leaving a balance due on November 25, 1966 of $18,759. In a letter dated April 1, 1964, Exhibit B of Application No. 45989 amended, from Bank of America, Tulare Branch, to Mr. Robert Soults, the bank agreed to rewrite the $18,759 balance due on November 25, 1966, at that time, for an additional 36-month period, provided that the payments were satisfactorily made by the transferees up until that date.

Exhibit No. 1 states that Mr. Soults has recently informed the staff that the transferees have fulfilled the obligations of the conditional sales contract and since November 25, 1966 have been making monthly payments in reduction of the $18,759 balance due on that date to the Bank of America.

A review of Decision No. 68156 indicates that the basis for denial of the transfer was that the arrangements for the purchase

of the system were such that the buyers were proposing to assume a substantial debt burden which would jeopardize service to the public.

In Exhibit No. 1, the staff expressed its opinion that the proposed buyers of the Visalia Water System, Horace Nish and Lucille M. Nish, have demonstrated their ability to meet their obligations with respect to the transfer of the water system. Accordingly, the staff recommended that the transfer now be authorized.

The Commission finds that:

1. Subsequent to Decision No. 68156, R. C. Soults, as owner of the Tulco Water Co., has filed with this Commission prescribed annual reports for both the Visalia and Tulare areas for the years 1964, 1965 and 1966.

2. R. C. and Ethel V. Soults, doing business as the Tulco Water Co., have not been relieved of any public utility obligations and liabilities in connection with their operation of the Visalia Water System.

3. R. C. and Ethel V. Soults, doing business as the Tulco Water Co., have not been authorized to sell their Visalia Water System to Horace and Lucille M. Nish.

4. R. C. and Ethel V. Soults are the owners of said Visalia Water System and are fully responsible for all the public utility obligations and liabilities related to said system.

5. This record does not contain adequate current financial data on Horace and Lucille M. Nish to determine if the proposed sale shall be authorized.

6. Until such time as a new application has been filed with full supporting financial data and until such time as the Commission

so orders, the ownership of said Visalia Water System may not be transferred to said Horace and Lucille M. Nish.

A public hearing is not necessary.

The Commission concludes that Decision No. 68156 should be affirmed.

O R D E R

IT IS ORDERED that Decision No. 68156, dated November 2, 1964, is hereby affirmed.

Dated at San Francisco, California, this 11th day of JULY, 1967.

President

Commissioners