

ORIGINAL

Decision No. 78428

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of COMMERCIAL LAND COMPANY, a California corporation, to sell and MASON CONRAD SNOW, TRUSTEE, to buy the water system at The Tupman Townsite Kern County.

Application No. 52388
(Filed January 4, 1971)

O P I N I O N

Commercial Land Company (seller) and Mason Conrad Snow, Trustee, (buyer) request authority for seller to transfer its water system to buyer and for seller to be relieved of its public utility obligation.

Seller is presently a public utility in the business of supplying water to approximately 55 customers in an area described as "The Tupman Townsite" in or near the community of Tupman, Kern County. The water system consists of 1500 feet of 4" water main line, 2000 feet of 2" service line, 70 installed meters, and one pressure regulator.

The original cost of property being transferred is unknown, and there is no depreciation reserve as of November 1970. The net book cost is approximately \$2,000. The selling price is \$1,972, cash in one payment. A copy of the Sale Agreement is attached to the application as Exhibit "A". Seller and buyer warrant that there are no customer deposits to establish credit, and there are no main extension advances.

On June 8, 1970, the Elk Hills School District of Kern County, a public school district of the State of California, filed

a complaint (Case No. 9074) against Commercial Land Company, seller, Standard Oil Company of California, Western Operations, Inc., and Getty Oil Company in which it was alleged that on or about July 7, 1969, defendants Standard Oil Company of California, Western Operations, Inc., and Getty Oil Company terminated an agreement with Commercial Land Company, dated March 31, 1936, under which Standard and Honolulu Oil Company, the predecessor in interest to Getty Oil Company, agreed to sell surplus water to Commercial Land Company. The basis for termination of this agreement was Commercial Land Company's default under terms of the contract. The complaint further alleged that defendants Standard and Getty have furnished water to the complainant without consideration since July 7, 1969 on a humanitarian basis and that defendants Standard and Getty, by letter dated December 31, 1969, informed complainant that water service would be discontinued after July 29, 1970. By stipulation Standard and Getty agreed to continue delivering the water to the Elk Hills School District and Tupman Townsite until November 30, 1970.

The hearings in the complaint were held in Bakersfield on September 23, 1970 and again on October 7 and 8, 1970. By letter of October 23, 1970 the County Counsel, Kern County, legal counsel for Elk Hills School District, requested the Public Utilities Commission to withhold its decision in the case until such time as problems could be fully worked out regarding an agreed upon settlement between complainant and defendants. This application for transfer of property owned by Commercial Land Company is a part of that settlement. The County Counsel stated in said letter that he would request a dismissal of the complaint against the aforementioned defendants as soon as a settlement was completely worked out and the assets of Commercial Land Company in the Tupman area had been

acquired by a new entity pursuant to the order of the Public Utilities Commission. Seller desires to dispose of the system because it no longer wishes to be in the water service business, and buyer desires to acquire said system, as Trustee, until such time as the Tupman area is annexed by a water district or said water system is purchased by a public utility; a copy of said Trust Agreement is attached to the application as Exhibit "B".

Buyer's occupation is farming, and he is presently self-employed as a farmer. Exhibit "C" to the application indicates that buyer has assets of \$649,300 and net worth of \$473,550.

We find that:

1. Buyer has the ability to acquire and operate seller's water system without interruption in service.
2. Upon the consummation of the proposed transfer, seller will no longer be performing public utility service.
3. Upon the consummation of the proposed transfer, buyer will be performing public utility service and as such will be subject as a public utility to regulation by this Commission until relieved of public utility responsibility by order of this Commission.
4. The proposed transfer is not adverse to the public interest.
5. A public hearing is not necessary.

We conclude that the application should be granted as provided in the following order.

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. Within one year after the effective date of this order, Commercial Land Company, seller, may sell and transfer to Mason Conrad Snow, Trustee, the properties referred to herein, substantially in accordance with the terms of the sales agreement attached to the application herein, but subject to the conditions of this order.

2. After the effective date of this order, and not less than five days before the date of actual transfer, buyer shall file a notice of adoption of seller's tariffs. Such filing shall comply with General Order No. 96-A. The effective date of the notice of adoption shall be the date of the actual transfer.

3. On or before the date of actual transfer, seller shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances shall be transferred to buyer, who shall be responsible for their refund when due.

4. On or before the date of actual transfer, seller shall deliver to buyer, and buyer shall receive and preserve, all available records, memoranda and papers pertaining to the construction and operation of the properties authorized herein to be transferred.

5. Upon compliance with all conditions of this order, seller shall stand relieved of its public utility obligations in the area served by the transferred system and may discontinue service concurrently with the rendering of service by buyer.

6. On or before the end of the third month after the date of actual transfer, buyer shall cause to be filed with the Commission in such form as the Commission may prescribe, an annual

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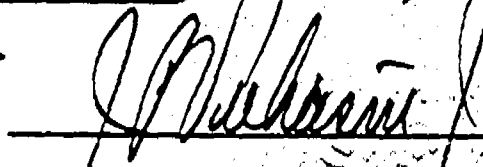
report covering the period from the first day of the current year to and including the effective date of the transfer.

7. Buyer shall account for the acquisition of the properties herein authorized to be conveyed in accordance with the requirements of the Uniform System of Accounts for Water Utilities (Class A, Class B and Class C), and within sixty days after the consummation of the conveyance, he shall file with the Commission a copy of each journal entry used to record the acquisition on his books of account.

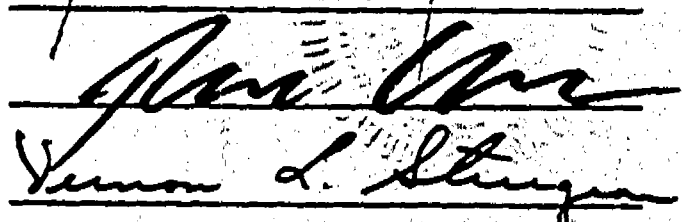
8. Upon the exercise of the authority herein given to acquire seller's water system, buyer is a public utility subject to the regulation of this Commission and shall not transfer said water system without further authorization of this Commission.

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

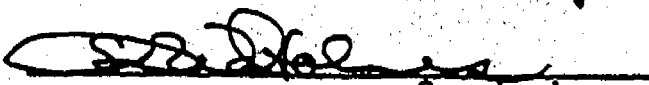
Dated at San Francisco, California, this 16th day of MARCH, 1971.



Chairman



Vernon L. Sturgeon



Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.