

ORIGINAL

Decision No. 80116

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Deeter Development, Inc. Water Company,
a corporation and Q. E. Yates Company,
Inc., a California Corporation, for an
order authorizing (1) the sale and
transfer to Q. E. Yates Company, Inc.,
of the water system and certificate of
public convenience and necessity of the
Deeter Development, Inc. Water Company,
(2) the discontinuance of service by
Deeter Development Water in territory
now served by it, (3) the commencement
of service in said territory by Q. E.
Yates Company, Inc., at the same rate
then in effect and being collected by
Deeter Development, Inc. Water Company.

Application No. 53055
(Filed December 13, 1971)

John H. Deeter, for Deeter Development, Inc. Water
Company, and Quinten E. Yates, for Q. E. Yates
Company, Inc., applicants.
S. A. Scott and R. H. Knaggs, for the Commission
staff.

O P I N I O N

This is an application by Deeter Development, Inc. Water Company (hereinafter referred to as Deeter) and Q. E. Yates Company, Inc. (hereinafter referred to as Yates) in which Deeter seeks authority to sell and transfer its public utility water system to Yates.

A duly noticed public hearing was held in this matter before Commissioner Symons and Examiner Jarvis in Bishop on April 6, 1972, and the matter was submitted on that date.

The water system here involved is located near Bishop in Inyo County. It presently serves approximately 110 customers. The Commission granted Deeter a certificate of public convenience

and necessity to construct and operate a water system in Decision No. 69189 in Application No. 47229. The certificate authorized service in Sierra Highlands subdivision Units Nos. 1 and 2. Thereafter, the Commission authorized deviations from the main extension rule to permit Deeter to extend service to Units Nos. 3, 4, 5 and an unsubdivided 5-acre area adjacent to Unit No. 3.

John H. Deeter is Deeter's president and owns all of its common stock. Mr. Deeter and his wife are the subdivision developers of the area served by Deeter. Yates' principal shareholder and operating officer is Q. E. Yates, who has done business in the Bishop area for 19 years as Yates Plumbing Company. Mr. Yates has done plumbing work for Mr. and Mrs. Deeter, and presently operates the water system for Deeter.

The issues to be determined in this proceeding are:

(1) Would the proposed sale and transfer of the water system here under consideration be adverse to the public interest? (2) Does Yates have the ability to operate the water system?

Applicants have entered into an agreement, subject to the authorization of this Commission, whereby Yates would acquire Deeter's certificate of public convenience and necessity and water system for the payment of \$5,000 and the assumption of the obligation to continue to make payments for main extension agreements presently in effect.

The record indicates that Deeter desires to sell the water system because Mr. Deeter is not in the Bishop area, and he does not wish to have the responsibility of operating the system from afar. Mr. Yates, who has been operating the system for Deeter, desires to acquire it. At the hearing, the Commission staff presented a report on the system. The report recommended approval of the transfer subject to certain conditions. Among the suggested conditions were the following: (1) The operating land and water rights, which are presently held by Mr. and Mrs. Deeter as individuals, be deeded to Deeter and included in the transfer, (2) all 1971 main extension

refunds be completed before the transfer is effectuated, and (3) operating pressures should be increased to improve service.

Seven of the utility's customers gave testimony in connection with the application. One customer protested the proposed transfer on the ground that he believed that Mr. Yates was not competent to operate the water system. He testified that he lived in a house built by Mr. Deeter in which Mr. Yates had been the plumbing subcontractor; that there were numerous plumbing problems in the house and that Mr. Yates had done nothing to rectify these problems. None of the other customer witnesses opposed the transfer. In general, their testimony on this point may be summarized by stating that they considered Mr. Yates, who presently operates the system, to be dependable, reasonable and reliable.

The Commission, after considering all of the evidence, makes the following findings and conclusion.

Findings of Fact

1. The proposed sale and transfer of Deeter's certificate of public convenience and necessity and assets to Yates in accordance with the provisions hereinafter set forth would not be adverse to the public interest.

2. Yates has the ability, including financial ability, to continue to operate the public utility water system here involved.

Conclusion of Law

The application should be granted as hereinafter provided.

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, Deeter Development, Inc. Water Company may sell and transfer to Q. E. Yates Company, Inc. the certificate of public convenience and

necessity granted in Decision No. 69189 in Application No. 47229 and all of the assets of its public utility water system located near Bishop, California, in accordance with provisions of the "Agreement of Sale" attached to the application as Exhibit 4 and subject to the provisions of ordering paragraph 2 of this order.

2. The sale and transfer provided for in ordering paragraph 1 hereof shall not become effective until the parties have complied with all of the following requirements:

- (a) John H. Deeter and his wife, Marcella D. Deeter, shall execute and cause to be recorded a deed conveying to the utility the operative land and water rights used by the utility in its water service operations and said rights shall be conveyed to Yates as a part of the transfer herein authorized.
- (b) All refunds for the year 1971 on main extension contracts should be paid by Deeter.
- (c) Deeter shall cause the operating pressures in said water system to be increased to provide a minimum of 40 pounds per square inch at the highest elevation in its service area.
- (d) Deeter shall institute flushing operations to clean sand from the 4-inch tie main between Glenbrook and Sierra Vista Streets.

3. If the transfer authorized in ordering paragraphs 1 and 2 hereof is consummated, the Commission authorizes and directs the following:

- (a) The main extension agreements with respect to Sierra Highlands Units Nos. 1 and 2, attached to the application as Exhibits 4-C and 4-D, are hereby approved.
- (b) Main extension refunds in connection with Sierra Highlands Unit No. 3 shall be credited to capital surplus in accordance with Advice Letter No. 6 and Commission Resolution No. W-1154.

4. On or before the end of the third month after the consummation of the transfer as herein authorized, purchaser shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

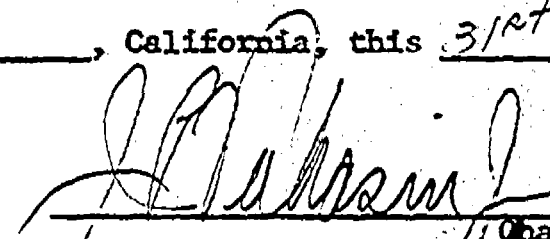
5. Purchaser shall maintain its accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before March 31, of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

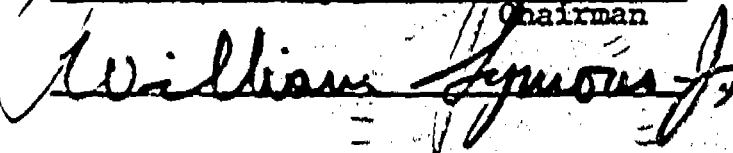
6. Within ten days after the actual transfer, Yates shall notify the Commission, in writing, of the date upon which the transaction was consummated and set forth the details showing compliance with ordering paragraph 2 hereof.

7. Upon completion of the sale and transfer herein authorized and all the terms and conditions of this order, Deeter Development, Inc. Water Company shall stand relieved of its public utility obligations with respect to the certificate and property herein authorized to be transferred.

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

Dated at San Francisco, California, this 31st day of
MAY, 1972.



Chairman


William L. Sturgeon



Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.