

Decision No. 83874

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the transfer of the properties of Bear Trap Ridge Water Company, from Walter S. Johnson, Jr., Seller, to Sugarloaf Improvement Company, a California corporation, under the provisions of Section 851 of the Public Utilities Code of the State of California.

Application No. 55332
(Filed November 21, 1974)

O P I N I O N

This is an application by Walter S. Johnson, Jr., doing business as Bear Trap Ridge Water Company, to transfer its water system to Sugarloaf Improvement Company, a California corporation (Sugarloaf). Applicant was certificated under authority granted in Decision No. 68559 dated February 9, 1965 in Application No. 46718, which decision was effective on December 7, 1965, pursuant to Decision No. 70039 of even date.

Applicant serves an average of four customers in Sugarloaf Village subdivision in Tulare County, and his water system has been operated for many years by Russell E. Larson, the vice-president of Sugarloaf. The individual applicant is the president of Sugarloaf and presently resides outside the continental United States.

The applicant represents as follows:

1. That it holds no customer deposits.
2. That Sugarloaf will be responsible for advances for construction presently held by applicant.
3. No operational effects would result from the proposed transfer.
4. Applicant desires to sell the system because he presently resides outside California.

5. That there is no written agreement between applicant and Sugarloaf.

6. That the consideration for the transfer is the waiver and release by Sugarloaf of the applicant's debt of \$15,347.98 to Sugarloaf to repay construction advances made by Sugarloaf to applicant.

7. Sugarloaf has a shareholder equity of \$127,154.46 as of November 19, 1974.

Findings

1. Sugarloaf has the financial resources and experience to properly operate applicant's water system.

2. The proposed transfer is not adverse to the public interest.

3. We find with reasonable certainty that the project involved in this proceeding will not have a significant effect on the environment.

Conclusions

1. The application should be granted in accordance with the terms and conditions set forth in the order.

2. A public hearing is unnecessary.

3. The authorization granted shall not be construed as a finding of the value of the rights and property authorized to be transferred.

4. Sugarloaf Improvement Company, a California corporation, is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. On or before March 31, 1975, Walter S. Johnson, Jr., doing business as Bear Trap Ridge Water Company, may sell and transfer the water system (and other assets) referred to in the application to Sugarloaf Improvement Company, a California corporation.
2. As a condition of this grant of authority, purchaser shall assume the public utility obligations of seller within the area served by the water system being transferred and shall assume liability for refunds of all existing customer deposits and advances pertaining to the water system being transferred. Purchaser shall send notice of the assumption of liability for refunds to all customers affected.
3. Within ten days after completion of the transfer purchaser shall notify the Commission, in writing, of the date of completion and of the assumption of the obligations set forth in paragraph 2 of this order.
4. Purchaser shall either file a statement adopting the tariffs of seller now on file with this Commission or refile under its own name those tariffs in accordance with the procedures prescribed by General Order No. 96-A. No increase in rates shall be made unless authorized by this Commission.
5. On or before the date of actual transfer, seller shall deliver to purchaser, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the water system authorized to be transferred.
6. On or before the end of the third month after the date of actual transfer purchaser shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

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7. 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 at San Francisco, California, this 17th
day of DECEMBER, 1974.

Vernon L. Sturgeon
President
William J. ...
...
Robert E. ...
Commissioners