

Decision No. 86336**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application
of E. J. GUIDOTTI and HELEN C. GUIDOTTI,
doing business as ARMSTRONG VALLEY WATER
CO. and RANCHO DEL PARADISO WATER CO.,
and RUSSIAN RIVER MANAGEMENT CO., a
California corporation, for an order
Authorizing Sale and Transfer by the
former to the latter of public utility
water systems.

Application No. 56568
(Filed June 18, 1976)

O P I N I O N

This application was filed to request authority to transfer two water systems near Guerneville and Duncan Mills, Sonoma County, California. The Armstrong Valley Water Co. serves 226 metered customers. 45 flat rate customers and 20 fire hydrants near Guerneville. The Rancho Del Paradiso Water Co. serves 59 metered customers near Duncan Mills. The reported net plant at the close of 1975 amounted to \$83,122.66. The sale price is \$50,500.00. The payment terms are \$5,000.00 down, balance in payments of \$500.00 per month until March 1, 1982 then \$800.00 per month, with an interest rate of 8% on the declining balance. The sellers are a husband and wife who obtained a certificate of Public Convenience and Necessity to operate the Armstrong Valley Water Co. by Decision No. 41897 dated July 27, 1948 in Application No. 29363 and the Rancho Del Paradiso Water Co. by Decision No. 49405 dated December 8, 1953 in Application No. 34675. Sellers allege that because of age and physical illness they are no longer able to properly operate and manage the water systems.

Purchaser alleges a desire to purchase the water systems, to operate the systems and to make the systems adequate to meet the needs of present and future customers. No operational changes will result from the transfer as the purchaser's President has operated the system successfully for twenty years. His net worth as indicated in the application appears satisfactory. The customers have been notified, by mail, of the proposed transfer. No response has been received by the Commission staff.

The purchaser proposes to issue 600 shares of its \$10 value capital stock to Phillip E. Guidotti, Jesse P. Guidotti and Janet A. Guidotti for \$6,000 cash to be used for working capital.

The utility provides an adequate level of service to the customers, with no improvements planned by the new owner. The service area is primarily a recreational second-home community.

Applicants allege that:

1. There are no customer deposits to establish credit.
2. Purchaser will make all refunds on main extensions contracts as they become due.

Findings

1. Sellers are a husband and wife who have applied to sell the utility plant and property because the husband is too old and ill to work on the system.

2. Purchaser's proposed stockholders are familiar with operations of the water systems and are capable of operating the systems.

3. The money, property or labor to be procured or paid for by the issue of the stock and note herein authorized, is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

4. The proposed transfer will not be adverse to the public interest.

The Commission concludes that the application should be granted as provided in the order which follows: The action taken herein does not constitute a finding as to the value or the original cost of the properties authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1976, E. J. Guidotti and Helen C. Guidotti may sell and transfer the water systems referred to in the application to the Russian River Management Co.

2. On or after the effective date of this order and on or before December 31, 1976, for the purposes specified in this proceeding, transferee may issue not exceeding 600 shares of its capital stock having a par value of \$10 per share, and may issue a note in the principal amount of not exceeding \$45,500, which note shall be in substantially the same form as Exhibit F attached to the application.

3. As a condition of this grant of authority, purchaser shall assume the public utility obligations of seller within the area served by the water systems being transferred and shall assume liability for refunds of all advances pertaining to the water systems being transferred.

4. 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 3 of this order.

5. Purchaser shall either file a statement adopting the tariffs of sellers 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.

6. On or before the date of actual transfer, sellers 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 systems authorized to be transferred.

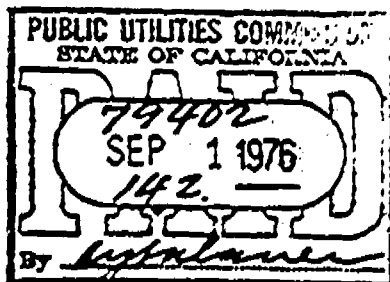
7. On or before the end of the third month after the date of actual transfer purchaser shall cause to be filed with the Commission, in such form as it may prescribe, reports covering the operations of sellers for the period commencing with the first day of the current year to and including the effective date of the transfer.

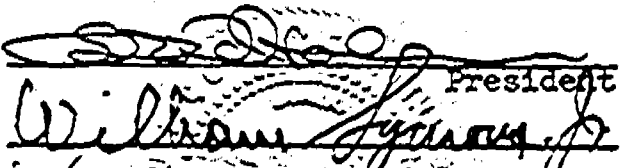
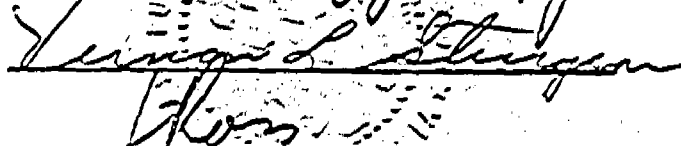

8. Purchaser shall file with the Commission a report, or reports, as required by General Order No. 24-Series.

9. Upon compliance with all of the terms and conditions of this order, sellers shall be relieved of their public utility obligations in connection with the water systems transferred.

10. The authority granted by this order to issue a note and capital stock will become effective when Russian River Management Co. has paid the fees prescribed by Sections 1904(b) and 1904.1 of the Public Utilities Code, which fees are \$92 and \$50, respectively, or a total of \$142. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 31st
day of AUGUST, 1976.




President

Commissioners

Commissioners