

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Ray Perry doing business as Ray Perry Water Company to sell and Crystal Falls Water Company to buy the water system in Tuolumne County.

Application 84-01-28
(Filed January 12, 1984)

O P I N I O N

This is an application in which Crystal Falls Water Company, Inc. (Crystal Falls) seeks authority to purchase and acquire the operating authority and assets of a public utility water system owned by Ray Perry (Perry) and known as the Ray Perry Water Company (Company).

Notice of the application was served on each of Company's customers and published in a local newspaper on March 2, 1984. It appeared in the Commission's Daily Calendar on January 18, 1984.

Three letters of protest were received by the Commission staff (staff) in connection with the application. One letter related to the need to meter all customers. Another complained about lack of pressure. The third letter was from a customer of Crystal Falls. It contained various complaints against Crystal Falls and its owner. The letter also questioned whether the proposed acquisition would diminish the supply of water available to Crystal Falls.

The staff reviewed the application and letters of protest. It conducted a field inspection and review of Company on March 20, 1984. Thereafter, the staff prepared a memorandum about the application which has been designated as Exhibit 1.

The staff recommends that the application be granted. Its memorandum points out that Company has its own wells and is not interconnected with Crystal Falls. If the application is approved, there would be no present reduction of water available to Crystal

Falls' customers. There are long range plans for interconnection but these plans include the development of additional sources of water. Again, there would be no reduction of water available to Crystal Falls' customers.

The memorandum also indicates that if the application is granted, all of Company's system would be metered before the forthcoming summer high usage period. It also points out that Company's system is in poor condition and Crystal Falls intends to apply for a Safe Drinking Water Bond Act Loan to make needed improvements.

The Commission, after considering the application, letters of protest and the staff's memorandum, makes the following findings and conclusion:

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Company holds a certificate of public convenience and necessity to operate a public utility water system granted by D.79100 in A.52652 on August 31, 1971. It serves 42 customers in the Oak Garden Subdivision southeast of Sonora in Tuolumne County.
3. Crystal Falls is the largest privately owned water utility in the Sonora area. It has full-time water operators, operating experience and existing financial resources.
4. The net book cost of Company's system as of December 31, 1982 was \$19,296.
5. On June 10, 1983, Perry entered into an agreement to sell Company to Crystal Falls for \$11,000. The agreement is attached to the application as Exhibit B. A copy of the deed to the real property to be transferred as part of Company is attached to the application as Exhibit C.
6. Crystal Falls proposes to adopt the tariffs of Company presently on file with the Commission and to be bound by any outstanding Commission decisions or directives relating to the water system being transferred.

7. There are no main extension advances in connection with Company.

8. Crystal Falls has warranted that it will refund customer deposits when they are due.

9. Company's water system requires modification and repair. The improvements hereafter listed would enhance the system's reliability and allow the utility to offer quality service at an estimated project cost of \$40,000. Crystal Falls will seek a Safe Drinking Water Act Loan to make the improvements. It will be requested to allow this loan to be an addendum to the Crystal Falls' existing loan in an effort to expedite the processing. Time is of essence to bring relief from poor water quality and service to this area.

10. The proposed loan will provide for the following improvements:

1. Short Term Improvements

- a. Meter all existing customers.
- b. Develop the Meadow Lark well to provide consistently healthful and safe water.
- c. Recondition the existing storage tank.
- d. Connect the system to an existing, proven well on property contiguous to Oak Garden Estates.
- e. Install a relief line within the system to complete a loop system.

2. Long Term Improvements

- a. Connect Oak Garden Estates to the Crystal Falls Water Company System.
- b. Maintain the two wells listed under "Short Term" for auxillary source of supply.

11. Crystal Falls has the resources and ability to acquire and operate Company.

12. The proposed sale of the assets and operating authority of Company by Perry to Crystal Falls is not adverse to the public interest.

13. Because the interest of the customers would be best served by having the transfer take place at the earliest possible time this order should be made effective on the date of issuance.

Conclusion of Law

The application should be granted.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1984, Ray Perry may transfer the water system and other assets designated in the application to Crystal Falls Water Company, Inc.

2. As a condition of this grant of authority, buyer shall assume the public utility obligations of seller, shall assume liability for refunds of all existing customer deposits, and shall notify the affected customers.

3. Within 10 days after transfer buyer shall write the Commission, stating the date of transfer and the date of the requirements of paragraph 2 were completed.

4. Buyer shall either file a statement adopting seller's tariffs or refile those tariffs under its own name as prescribed in General Order Series 96. Rates shall not be increased unless authorized by this Commission.

5. Before the transfer occurs, seller shall deliver to buyer, and buyer shall keep, all records of the construction and operation of the water system.

6. Within 90 days after actual transfer buyer shall file, in proper form, an annual report on seller's operations from the first day of the current year through date of transfer.

7. When this order has been complied with, seller shall have no further obligations in connection with this water system.

8. The application is granted as set forth above.

This order is effective today.

Dated JUN 6 1984, at San Francisco, California.

LEONARD M. CRIMES, JR.
President

VICTOR CALVO

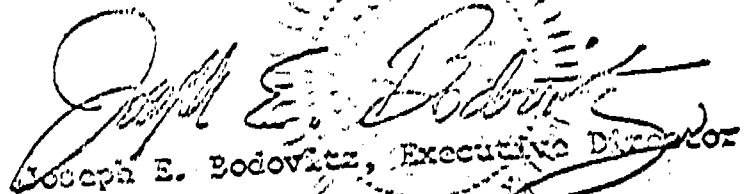
DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

Commissioner Priscilla C. Grow,
being necessarily absent, did
not participate

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS.


Joseph E. Bodovitz, Executive Director