

Decision 84 11 004

NOV 7 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Richard W. Knudsen,)
doing business as Johnson Park Water)
Works, to sell and Allan Sell to buy)
the water system in Johnson Park,)
Shasta County.)

Application 84-08-077
(Filed August 21, 1984)

O P I N I O N

In Decision (D.) 84-09-015 dated September 6, 1984, in Application (A.) 84-07-066 the Commission authorized Richard W. Knudsen to acquire all of the assets of and to control Johnson Park Water Works (Company). D.84-09-015 was issued after a judgment of final distribution by the Shasta County Superior Court in the estate of Walter Norman Knudsen, deceased. Richard W. Knudsen is the son of Walter Norman Knudsen and is also the distributee of the assets of the Company under the judgment.

Knudsen now seeks authority to sell the Company's water system to Allan and Blanche Sell.

Notice of the filing of the application appeared in the Daily Calendar of August 27, 1984. No protests have been filed.

Findings of Fact

1. A public hearing is not necessary.
2. Knudsen is the sole proprietor of the Company.
3. The Company serves 337 customers in or near the city of Burney.
4. The original cost of the property being transferred is \$172,901 and the depreciation reserve as of September 30, 1982, is \$89,467.40, resulting in a net book cost of \$83,433.60.
5. The selling price is \$125,000, consisting of a down payment of \$44,000 and a note for \$81,000 payable at \$1,162.19 per month, including interest at 12%, for ten years.

6. Sell states in the application:

"Purchaser is paying \$41,566 more than original cost net of depreciation and contributions. He understands that rates will be based upon the depreciated original cost of the plant, excluding contributed plant, and not on the purchase price."

7. Sell has actual notice that he will not be allowed to earn through rates any return on the difference (\$41,566) between the purchase price (\$125,000) and the net book cost (\$83,433.60).

8. Knudsen desires to sell the system because he lives out of the area and cannot run it profitably using hired workers.

9. The Sells live directly across the street from the plant. Mr. Sell has worked on the water system with the owner's approval and has improved water pressure and service to a number of customers.

10. Mr. Sell is a trucker, machinist, welder, and mechanic. He has had business experience as an owner-operator of a trucking company and as the owner of a welding shop. Mr. and Mrs. Sell do their own bookkeeping and will be able to operate the system with no outside help.

11. The Sells' balance sheet as of July 1984 shows assets of \$338,000, liabilities of \$5,000 (estimated income taxes), and net worth of \$333,000.

12. The Sells have the technical and financial ability to operate the water system.

13. The proposed transaction is not adverse to the public interest.

14. The difference between sale price and net book cost represents the value of non-rate base assets inadvertently included in the transaction.

Conclusions of Law

1. The application should be granted.

2. The following order should be effective immediately to allow the Sells to make necessary repairs and improvements before severe winter weather precludes such work.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1984, Richard W. Knudsen may transfer the water system (and other assets) designated in the application to Allan and Blanche Sell.
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 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.

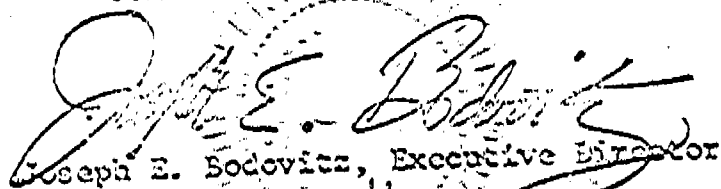
8. The application is granted as set forth above.

This order is effective today.

Dated NOV 7 1984, at San Francisco, California.

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director