

Decision 84-11-027 November 7, 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Joseph Glenn Sellars)
and Alice E. Sellars, doing business)
as Sellars Water Service, to sell,)
and Edward J. Petersen and Juanita M.)
Petersen to buy the water system in)
Kern County.)

Application 84-09-056
(Filed September 20, 1984)

O P I N I O N

Joseph Glenn Sellars and Alice E. Sellars (sellers) are owners of a public utility water system known as Sellars Water Service located in Kern County. By this application it is requested that the system be transferred to Edward J. Petersen and Juanita M. Petersen (buyers).

Authority to acquire the system was granted by Decision 72193 dated March 21, 1967 in Application 49191. The system operates under a franchise granted by County of Kern, Franchise No. F-120. ✓

The original cost of property being transferred is \$75,626 and the depreciation reserve as of December 31, 1983 is \$36,060, resulting in a net book cost of \$39,565.78. The selling price is \$45,000.00 with these terms for payment: \$20,000.00 cash and a promissory note for \$25,000.00 at 12% interest on the unpaid principal, principal and interest fully payable in five years.

Supplemental information furnished the administrative law judge to whom this matter is referred indicates that the selling price includes personal, as well as utility property. This personal property consists of welding equipment, an underground tank, a diesel tank and rack, a metal lathe, and a tractor and trailer. The agreed valuation for these items is \$5,500.

A copy of the transfer agreement is included with the application.

The water system is located near Shafter, and consists of the following:

Well No. 1: Diameter - 12" Depth - 500 feet Capacity - 30 hp.

Well No. 2: Diameter - 12" Depth - 518 feet Capacity - 30 hp.

Well No. 3: Diameter - 10" Depth - 400 feet Capacity - 25 hp.

Well No. 4: Diameter - 14" Depth - 700 feet Capacity - 50 hp.

Reservoirs and tanks: Four (4) with total capacity of
15,200 gallons

Water mains: 18,136 feet

Services: 285

Fire hydrants: Twelve (12)

Buildings:

Office furniture and equipment:

Sellers desire to dispose of the system because of Joseph Sellars' advancing age and poor health. He has been advised by his doctors that he should seek a cooler climate, which sellers have done, maintaining a residence on the coast. Mr. Sellars has been unable to personally work in or about the system. Administration of the system has been left to Mrs. Sellars, who has found the necessary duties difficult to perform. Because of her husband's condition, Mrs. Sellars has had to spend most of her time with him at the coast.

Mr. Petersen, now retired, has been a school administrator for 20 years and has been superintendent of the Buttonwillow School District for 8 years. He has been in full charge of school management, finances, budget preparation, and the maintenance, upkeep and repair of a school system.

Sellers' annual report for 1983 shows operating revenues of \$43,889 and expenses of \$38,027.

Buyers' financial statement is attached to the application and indicates assets of \$320,000 and liabilities of \$28,000, for a net worth of \$292,000.

Buyers propose to adopt the tariffs of sellers. Buyers agree to be bound by any outstanding Commission decisions and/or directives involving the water system.

Buyers will be furnished the utility's copies of the following or informed of their availability at the Commission's headquarters, 350 McAllister Street, San Francisco, California 94102:

- a. General Order 96-A, Filing and Posting of Tariff Schedules.
- b. General Order 103, Rules Governing Water Service, including Minimum Standards for Design and Construction.
- c. Uniform System of Accounts for Class D Water Utilities.
- d. Rules of Practice and Procedure.
- e. Public Utilities Code of the State of California.

Sellers warrant that there are no customer credit or main extension advances on deposit with the utility.

Sellers have notified their customers of the filing of their application. No protest has been received. The Hydraulic Branch advises that certain future improvement plans, involving the replacement of 640 feet of 1½" main, have been discussed with Mr. Petersen, who stated he would be willing to replace the main provided he is allowed to seek a rate increase to recover the costs associated with such a project. The staff has no objection to the transfer.

Findings of Fact

1. Sellers operate a public utility water system located near Shafter.
2. Sellers desire to sell their utility to Edward J. and Juanita M. Petersen.
3. Buyers possess the ability and financial responsibility necessary to operate the system.
4. There are no customer credit or main extension advances on deposit with the utility.

5. The proposed sale and transfer is reasonable and not adverse to the public interest.

6. As there is no known opposition to the granting of the application, a public hearing is not necessary.

Conclusion of Law

The application should be granted. Because of the state of Mr. Sellars' health and his inability to operate the utility, this order should be effective today.

O R D E R

IT IS ORDERED that:

1. On or before January 1, 1985 Joseph Glenn Sellars and Alice E. Sellars (sellers) may transfer the water system designated in the application to Edward J. Petersen and Juanita M. Petersen (buyers). ✓

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

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

4. Buyers shall either file a statement adopting sellers' tariffs or refile those tariffs under their own names as prescribed in General Order Series 96. Rates shall not be increased unless authorized by this Commission.

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

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

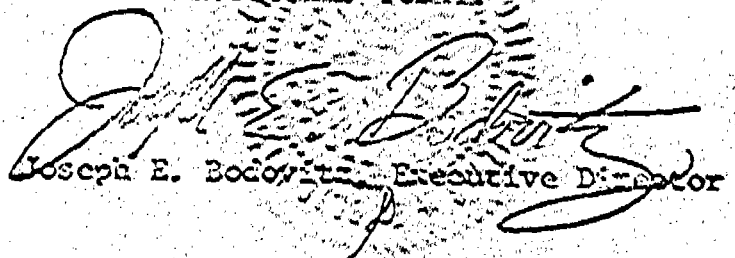
7. The application is granted as set forth above. ✓

This order is effective today.

Dated November 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

Decision 84 11 027 NOV 7 1984

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

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

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

This order is effective today.

Dated NOV 7 1984, at San Francisco, California.

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