

Decision 88 03 014 MAR 09 1988

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
George R. Parker and Roberta L. )	
Parker, doing business as Bonanza )	Application 87-11-018
Springs Water Company, to transfer )	(Filed November 18, 1987)
their public utility water system )	
to Lake County. )	

OPINION

By this application George R. and Roberta L. Parker, doing business as Bonanza Springs Water Company (Bonanza), request authority to transfer their public utility water company located in Bonanza Springs subdivision, near Lower Lake, Lake County, to Lake County (County) and the release of Bonanza from Commission jurisdiction.

Bonanza operates pursuant to a certificate of public convenience and necessity granted by Decision 86237, dated May 21, 1976 in Application 56307. It serves 18 residential customers in an unincorporated area located southwest of Lower Lake. Bonanza's 1986 annual report indicates operating revenues of \$923, and operating expenses of \$2,365. Depreciation expense in 1986 was \$818 and taxes \$84, resulting in a net loss on the year of \$2,344. The report shows that Bonanza had an average plant worth \$31,917, a depreciation reserve of \$28,613, and a rate base of \$3,304. There were no advances for construction nor contributions indicated in the report.

The utility's service area consists of 20 acres; half of the area is undeveloped. Its plant consists of a spring, two pumps, three tanks totaling 46,000 gallons capacity, 7,766 feet of mains ranging from 1-1/2 to 3 inches in diameter, and 18 meters.

Bonanza asserts that the system has deteriorated over the years to a point where the largest tank collapsed and the spring is no longer able to supply an increasing population. The spring almost ceased to function during July 1987. The system was then connected to County's Service Area No. 7, which presently serves an area across the street from Bonanza; thus, the utility's customers have never been without water.

Bonanza estimates that to remedy its inadequacies would require the expenditure of approximately \$85,000; that to spread the cost for improvements over only 18 customers would be prohibitive.

A report furnished the assigned administrative law judge by the Commission's Water Utilities Branch on the proposed transfer recites the Commission's policy on this type of problem. Resolution M-4708, dated August 28, 1978, states that it is the policy of the Commission to "support and promote the conversion of unviable or marginal water utilities to public ownership or their mergers with more viable entities when opportunities arise and customer service is more likely to improve through such change than without it." The staff believes this policy reflects the fact that public entities with taxing power as well as eligibility for governmental loans and grants are better able to provide adequate service and meet increased expenses. Staff considers the merger proposed herein to be in the public interest.

County has acquired the distribution main, service connections, and meters on an "as is" basis.

The transfer should be authorized. There are no repayment obligations concerning advances for construction or customer deposits. The proposed transfer will enable County to provide water service to the combined customers with a single integrated system. Notice of the proposed transfer has been furnished to Bonanza's customers. No objection to the application has been received.

The application includes a resolution by the Local Agency Formation Commission for Lake County dated August 25, 1987, approving annexation by County of the utility.

Findings of Fact

1. Bonanza is authorized to operate a public utility water system in Lake County, serving 18 customers.
2. Bonanza is unable to furnish adequate water to its customers.
3. Bonanza's water system has been annexed by County.
4. Bonanza requests that it be relieved of its obligation to operate as a public utility water system.
5. The request of Bonanza is reasonable and not adverse to the public interest.
6. As there is no known opposition to the application, a public hearing is not necessary.

Conclusion of Law

The application should be granted.

ORDER

IT IS ORDERED that:

1. George R. Parker and Roberta L. Parker are authorized to transfer their public utility water system to Lake County.
2. George R. Parker and Roberta L. Parker are relieved of their obligations and duties to perform service as a public utility water system.

3. The certificate of public convenience and necessity granted by Decision 86237 dated May 21, 1976 in Application 56307 is canceled.

This order is effective today.

Dated MAR 09 1988, at San Francisco, California.

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

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

*Victor Weiss*  
Victor Weiss, Executive Director