

Decision 88 11 009 NOV 9 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JIMMIE R. SMITH)	
doing business as MAR VISTA WATER)	
CO. to sell and MAR VISTA WATER)	Application 88-03-009
COMPANY, INC. to buy the water)	(Filed March 3, 1988)
system in Santa Cruz County.)	

OPINION

This is an application in which Jimmie R. Smith (Smith), doing business as Mar Vista Water Company (utility), seeks authority to transfer utility's assets to Mar Vista Water Company, Inc. (corporation) whose stock is wholly owned by Jimmie R. Smith, Smith's son (son).

Notice of the filing of the application was mailed to each customer on April 15, 1988. There are no protests. The Water Utilities Branch (Branch) recently prepared a report on the application which was served on all parties. It is designated as Exhibit 1.

The Commission makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Smith purchased utility in 1977 pursuant to Decision (D.) 88008 dated October 18, 1977. Utility serves approximately 115 customers in the rural/suburban area of the Forrest Glen Subdivision and vicinity located approximately one mile east of the community of Aptos in Santa Cruz County. The system's water supply is obtained from two wells that feed into the system and from two steel storage tanks, one of 50,000 gallon capacity and the other of 60,000 gallon capacity. The distribution system consists mostly of six-, four-, and two-inch PVC pipe.

3. Smith, who is elderly, wishes to retire and transfer utility to son, who is presently operating the system. Son owns 100% of the shares of corporation, the proposed transferee. Corporation is a California corporation. The purchase price is the nominal consideration of \$1.

4. Son is a professional plumber who has experience in water treatment. He is presently operating the system and would continue to do so if corporation acquires it.

5. Corporation had assets, less depreciation, of \$6,747 as of December 31, 1987. These would be added to those of utility when acquired.

6. Branch's report indicates that any adjustments relating to plant accounts should be made in utility's then-pending draft advice letter general rate increase proceeding. By Resolution W-3403 dated July 8, 1988 the Commission authorized a general rate increase. Ordering Paragraph 3 of Resolution W-3403 required utility to make the adjusted plant and depreciation reserve entries recommended by Branch.

7. Corporation has the ability, including financial ability, to acquire and continue the operations of Smith.

8. The proposed sale and transfer of utility from Smith to corporation is not adverse to the public interest.

9. Because the public interest would best be served by having the sale and transfer take place expeditiously, the ensuing order should be made effective on the date of issuance.

Conclusion of Law

The application should be granted.

This authorization is not a finding of the value of the rights and properties to be transferred.

ORDER

IT IS ORDERED that:

1. On or after the effective date of this order, Jimmie R. Smith may transfer the water system and other assets designated in the application to Mar Vista Water Company, Inc. in accordance with the terms set forth in the application.

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 authority granted by this order shall expire on December 31, 1989, if it has not been exercised by that date.

This order is effective today.

Dated NOV 9 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 Weissor, Executive Director

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