

Decision 89 03 040

MAR 2 2 1989

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Rainbow Water Company )  
(U-18-W) to sell and Igo-Ono )  
Community Services District to buy )  
the water system in Shasta County. )

Application 88-10-051  
(Filed October 31, 1988)

**Mailed**

**MAR 2 2 1989**

O P I N I O N

This is an application in which Rainbow Water Company (Rainbow) seeks authority to sell and transfer its public utility water system to Igo-Ono Community Services District (District).

Notice of the filing of the application was mailed to each Rainbow customer on January 4, 1989. There are no protests. The Commission makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Rainbow operates a public utility water system in Shasta County pursuant to a certificate of public convenience and necessity granted by this Commission in Decision 84-04-042 in Application 83-12-39, dated April 18, 1984. Rainbow serves 45 customers.
3. District is a public district organized under the laws of California.
4. Rainbow desires to sell its water system because District can provide better service and more effectively operate the system.
5. The last, unaudited, annual report filed by Rainbow was for 1984. It states that the original cost of its operating property less depreciation was \$217,755. The report also shows an operating loss of \$16,688 for the period from May 16, 1984 to January 31, 1984.
6. On September 15, 1988 Rainbow and District entered into an agreement under which Rainbow sold its water system to District

for \$1.00 and District's securing the release of a promissory note for \$54,000 owed by Rainbow.

7. District has the ability, including financial ability, to acquire Rainbow and continue service to Rainbow's customers.

8. The proposed sale and transfer of the water system here involved is not adverse to the public interest.

9. Because the public interest would best be served by having the sale and transfer of control and assets 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.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1989, Rainbow Water Company may sell and transfer the water system referred to in the application to Igo-Ono Community Services District, according to the terms in the application.

2. On or before the date of transfer, seller shall refund any customer credit deposits which are subject to refund.

3. Buyer shall assume any liability for refunds of main extension advances.

4. Within 10 days after transfer, seller shall write the Commission stating dates of transfer and deposit refunds, and date when buyer began operating the water system. A copy of the transfer documents shall be attached.

5. Upon Compliance with this order, seller shall be relieved of its public utility obligation to the transferred system.

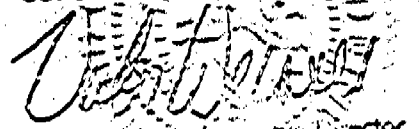
This order is effective today.

Dated MAR 22 1989, at San Francisco, California.

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

Commissioner Patricia Eckert,  
present but not participating

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

  
Victor Weiss, Executive Director  
JB