

ORIGINAL

Decision ~~89-02-042~~ JUN 21 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Richard A. Murphy, )  
doing business as Salmon Creek )  
Waterworks, to sell and County )  
Service Area #32 (Salmon Creek) to )  
buy the water system in Salmon Creek )  
Sonoma County. )

Application 89-02-035  
(Filed February 17, 1989)

OPINION

This is an application in which Richard A. Murphy (Murphy), who operates a public utility water system under the name of Salmon Creek Waterworks (Waterworks), seeks authority to sell and transfer Waterworks to County Service Area No. 32 (Salmon Creek) (Service Area), Sonoma County.

Notice of the filing of the application was mailed to each Waterworks customer on March 21, 1989. One customer response was received. It supported the transfer but asked for scrutiny of the purchase price.

The Commission makes the following findings and conclusions.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. The Commission found Murphy to be a public utility water corporation in Decision 56786 in Application 39447, dated June 4, 1958.
3. Waterworks serves approximately 92 customers in the unincorporated area of Salmon Creek, Sonoma County. The water system includes a well and well site, two spring-fed sources of water, a pump, a chlorinator, one 44,000-gallon storage tank, and about 7,000 feet of water mains.
4. Service Area is a public district organized under the laws of California.

5. The 1986 annual report of Waterworks indicates that as of December 31, 1986, the original cost less depreciation of utility plant was \$34,739.

6. Waterworks needs major repairs which are estimated to cost approximately \$700,000. The repairs can be financed at less cost by a public agency than by Murphy.

7. The parties have entered into an agreement in which Murphy will sell Waterworks to Service Area for \$42,000.

8. Service Area operates a number of wastewater facilities. It has made arrangements with the operator of three public utility water systems to operate Waterworks when acquired.

9. Waterworks has no customer deposits to establish credit.

10. Waterworks has no main extension advances.

11. The proposed transfer of Waterworks from Murphy to Service Area is not adverse to the public interest.

12. Public Utilities (PU) Code § 431 directs the Commission to fix an annual fee to be paid to the Commission by each regulated water system. The Commission takes official notice that Murphy is delinquent in the payment of required fees. It is reasonable to require the payment of such fees as may be owing as a condition of transfer.

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

#### Conclusions of Law

1. The application should be granted as hereafter provided.

2. The proposed transfer should be authorized on the express condition that all fees due the Commission pursuant to PU Code § 431 be paid to the date of transfer.

ORDER

IT IS ORDERED that:

1. On or after the effective date of this order, Richard A. Murphy (Murphy) may sell and transfer his public utility water system, known as Salmon Creek Waterworks, to County Service Area No. 32 (Salmon Creek) (Service Area) in accordance with the terms of the application.
2. Before the transfer authorized in Ordering Paragraph 1 becomes effective, Murphy shall pay to the Commission all fees and penalties due under PU Code § 431 to the date of transfer.
3. Within 30 days of the sale and transfer of the assets by Murphy to Service Area, Service Area shall notify the Commission in writing of that fact and within such period shall file with the Commission a true copy of each instrument by which such transaction has been accomplished including an inventory of assets transferred.
4. Upon compliance with all of the conditions of this order, including the payment of all fees due under PU Code § 431 to the date of transfer, Murphy shall stand relieved of his public utility obligations and may discontinue service concurrent with the commencement of service by Service Area as contemplated in the agreement between the parties.

5. The authority granted in Ordering Paragraph 1 shall expire on June 30, 1990 if it has not been exercised by that date. This order is effective today.

Dated JUN 21 1989, at San Francisco, California.

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

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

  
Victor Weiss, Executive Director