

ORIGINAL

Decision 89 09 027 SEP 7 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Neil Burckart doing	)	
business as Cedar Ridge Water	)	
Company to sell and Tuolumne	)	Application 89-04-056
Regional Water District to buy the	)	(Filed April 26, 1989)
water system in Tuolumne County	)	

OPINION

This is an application in which Neil Burckart (Burckart), doing business as Cedar Ridge Water Company (Company), seeks authority to sell his public utility water system to Tuolumne Regional Water District (District).

The Commission makes the following findings and conclusions.

Findings of Fact

1. Burckart is an individual who owns and operates a water corporation (Company) as defined in Public Utilities (PU) Code § 241. Burckart was granted his certificate of public convenience and necessity in Decision 62389 in Application 43004, dated August 8, 1961.

2. Company serves approximately 500 customers in Tuolumne County near Sonora. Its water system consists of 2 parcels of land, 2 easements, 3 springs and the right to take 15 miner's inch days of water from the Tuolumne County Ditch System, three 3 - 15 hp pumps, 2 full treatment plants, 4 reservoirs and tanks with a total storage capacity of 441,000 gallons, 60,800 feet of water mains, 500 meters, 109 fire hydrants, and other items of personal property.

3. District is a public agency organized under the laws of California. It operates water and sewer systems in various parts

of Tuolumne County. As of June 30, 1988, it had assets of \$35,674,763.

4. On March 28, 1989, the parties entered into an agreement under which District agreed to purchase Company for \$160,000. The agreement also provides that District will assume the following obligations of Company:

- a. Safe Drinking Water Loan Contract (SDWLC) with Department of Water Resources, No. E51023, entered into on August 3, 1981, original principal amount of \$575,564, repayment period 35 years, with interest at 6.5%, payable in semiannual installments of approximately \$20,937.31 each; balance due as of January 1, 1989, \$546,611.40.
- b. Main extension contract with Don Barrett et al. for advance of \$29,000, effective date December 1, 1979, for refund to applicants of 22% of the revenues therefrom per annum for 20 years, under which a balance of \$28,444 remains as of August 16, 1988.
- c. July 11, 1988, three-year promissory note to El Capitan National Bank in the original principal amount of \$20,100, interest 13% per annum, payable \$677.25 per month, on which a balance remains of \$18,690.96 as of January 1, 1989.

5. As of December 31, 1987, the original cost, less depreciation, of Company's plant was \$728,966. Plant constructed under the SDWLC is not included in that amount. Among Company's liabilities was the sum of \$558,334 as a long-term debt on the SDWLC.

6. District wants to unify selected county water systems to provide a consistent, potable water supply at a reasonable cost to Tuolumne County water users. Company's service area is situated in a strategic location inside District's service area. District desires to acquire Company because it would be a large step forward in helping District meet its goal. District's desire to acquire Company is based on its goal of providing the best available

service to the public at the lowest cost. District has full-time management and maintenance staffs capable of operating Company.

7. Notice of the filing of the application was mailed to each Company customer on May 19, 1989. The Commission received two letters supporting the application and one letter protesting it and a related application. The letter of protest was from a homeowners association presently receiving water service from District. The basis of the protest is that:

"There has been very sketchy, inaccurate and confusing information made available for public consumption. Despite repeated requests for additional information by our Association, we have been frustrated in our efforts to get to the truth."

8. The application, including attached exhibits, is a public record and since its filing has been available for public inspection at the Commission. In addition, the notice to the customers of Company, of which the protestant obviously was aware, stated:

"Copies of the application are available for inspection at the office of Cedar Ridge Water Company, Soulsbyville, California during normal business hours and at the office of the Public Utilities Commission, 505 Van Ness Avenue, in San Francisco."

9. There is nothing in the letter of protest which warrants a public hearing in this proceeding.

10. A public hearing is not necessary in this matter.

11. District has the resources and experience to acquire and adequately operate Company's water system as part of District's water system.

12. Company is not holding any deposits from customers and none is anticipated.

13. PU Code § 431 directs the Commission to fix an annual fee to be paid to the Commission by each regulated water system and that fee for 1989 has been set at 1.5% of all water revenues.

collected by each sewer utility for the year. It is reasonable to require the payment of such fees as may be owing as a condition of transfer.

14. The proposed transfer of Company's water system to District is not adverse to the public interest.

15. 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 protest does not contain anything which should delay or require disapproval of the proposed transaction.

2. Authorization should be granted for the proposed sale of Company to District.

ORDER

IT IS ORDERED that:

1. On or after the effective date of this order Neil Burckart (Burckart), doing business as Cedar Ridge Water Company (Company), may sell and transfer the assets of his public utility water system to Tuolumne Regional Water District (District) in accordance with the terms of the application.

2. Within 30 days of the sale and transfer hereby authorized, Burckart shall notify the Commission in writing of that fact.

3. Within 30 days of the sale and transfer of the assets of Company to District, District 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.

4. The foregoing authority is conditioned upon District's assuming liability for all refunds under main extension agreements between Company and others existing on the date District acquires

the assets of Company; District shall provide the Commission with satisfactory proof of such assumptions within 30 days of the acquisition.

5. Upon compliance with all of the conditions of this order, including the payment of the fee provided in PU Code § 411 for year 1989, and such other period as may occur until the sale and transfer are consummated, Burckart shall stand relieved of his public utility obligations and may discontinue service concurrent with the commencement of service by District as contemplated in the agreement between the parties.

6. The authority granted in Ordering Paragraph 1 shall expire on October 31, 1990 if it has not been exercised by that date.

This order is effective today.

Dated SEP 7 1989, at San Francisco, California.

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

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS

- 5 -

*Wesley Franklin*  
WESLEY FRANKLIN, Acting Executive Director  
PS

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14. The proposed transfer of Company's sewer system to District is not adverse to the public interest.

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