

Decision 90 05 015 MAY 04 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Crows Landing Water
Company to Sell, and Crows Landing
Community Services District to Buy,
the Water System in Stanislaus
County.

Application 89-12-859
(Filed December 22, 1989)

ORIGINAL

O P I N I O N

Crows Landing Water Company (Company) and Crows Landing Community Services District (District) jointly seek Commission authorization for Company to sell, and District to purchase, the water system serving District, pursuant to Public Utilities Code §§ 851 through 854. Company requests that it be relieved of public utility responsibility by the Commission.

The application appeared on the Commission's Daily Calendar of December 29, 1989. On February 15, 1990 Company sent a Customer Notice to its current customers requesting comments and objections to be submitted in writing within 20 days to the assigned Administrative Law Judge. No protests have been received; therefore, a public hearing is not necessary.

Company is a California corporation, and a water corporation public utility as defined in Section 241 of the Public Utilities Code. Company received a certificate of public convenience and necessity to construct and operate a public utility water system by Decision 39762, dated December 23, 1946, in Application 27752. Company serves water within the boundaries of District.

District is a community services district situated in the County of Stanislaus.

Company desires to dispose of the system because it lacks the capital necessary for improvements to the water system. The

most recent annual report of Company indicates a net loss of \$3,629 for the year ended December 31, 1988.

District desires to acquire the system because as a community services district it will be eligible for state and federal funds to make the necessary improvements to the system.

Company and District estimate that it will cost approximately \$900,000 to improve the system to meet General Order (GO) 103 standards. District has applications pending with Housing and Urban Development and other governmental agencies attempting to secure funds for repairing and improving the water system. Those applications are based on District acquiring the system.

The system consists of three wells and associated land of less than one-third acre at each well site, easements and rights-of-way, pumping equipment, tanks and reservoirs, water mains, services, fire hydrants, liabilities, and accounts receivable. The depreciated original cost of the system follows:

Original cost - \$97,015.
less depreciation reserve - \$73,741

depreciated original cost = \$23,674.

The Agreement for Purchase and Sale of Crows Landing Water Company (agreement) is attached to the application as Exhibit A. Under the agreement District will pay Company \$1 upon close of escrow, and at that time District will assume all obligations of Company and commence operating the system. District agrees to assume all obligations for refunds of customer deposits and refunds on main extension advances. District proposes to adopt Company's current tariffs on file at the Commission.

The Water Utilities Branch (Branch) of the Commission Advisory and Compliance Division reviewed the application and recommends that the requested sale be authorized. Branch believes

that the sale is in the public interest since Company has had severe water quality and system deterioration problems, and does not have adequate resources to correct these problems. Branch believes that District can obtain the necessary resources to upgrade the system.

We conclude that the proposed sale is not adverse to the public interest and should be authorized as provided in the following order. Since there is a need to correct the system problems as quickly as possible, this order should be effective immediately.

The corporate identification number assigned to Company, U-171-W should be retired upon notification by Company that the sale has been consummated.

Findings of Fact

1. Company and District jointly seek Commission authorization for Company to sell, and District to purchase, the water system serving District.
2. Company is a California corporation that owns water system facilities having a depreciated book value of \$23,674.
3. District is a community services district in the County of Stanislaus.
4. Company requests that the Commission relieve it of public utility responsibility.
5. Company notified its customers of this application.
6. No protests to the application were received.
7. Company lacks the necessary capital necessary to improve the system and comply with GO 103.
8. District is eligible for funds to repair and improve the system.
9. The proposed transfer is not adverse to the public interest.

Conclusions of Law

1. A public hearing is not necessary.

2. The sale of the water system by Company to District for a consideration should be authorized as provided in the following order.

3. Upon consumation of the sale, Company should be relieved of public utility responsibility.

O R D E R

IT IS ORDERED that:

1. On or after the effective date of this order, Crows Landing Water Company (Company) is authorized to sell the water system designated in the application, which shall include all used and useful utility properties, to Crows Landing Community Services District (District) in accordance with the Agreement for Purchase and Sale of Crows Landing Water Company attached to the application as Exhibit A.

2. Within 10 days after the completion of sale, Company shall notify the Commission's Advisory and Compliance Division Director, in writing, of the date of completion of sale, and of the date upon which District shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

3. Before the sale occurs, Company shall deliver to District all records of the construction and operation of the water system.

4. When the authorized sale is complete and District has assumed operations, Company shall be relieved of the public utility obligations of the water system, and Company's Corporate Identification Number U-171-W, shall be retired.

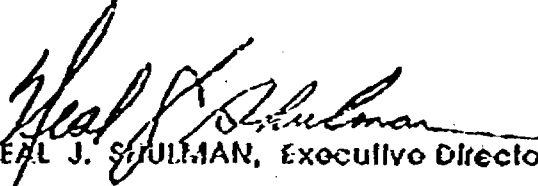
5. The authority granted in this application is not a finding of the value of rights and properties involved in the sale.

6. The authority granted by this order will expire if not exercised within 12 months after the effective date of this order. This order is effective today.

Dated MAY 04 1990, 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


NEAL J. STULMAN, Executive Director