

Decision 90 06 021 JUN 06 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint)
Application of Glenridge Water)
Company (U 143 W) to sell and Tahoe)
Swiss Village Utility, Inc. (U 98 W))
to buy the water system in Glenridge)
Park Subdivision, El Dorado County.)

ORIGINAL
Application 89-11-007
(Filed November 8, 1989)

O P I N I O N

In a joint application, Glenridge Water Company (Glenridge) requests authority to sell and Tahoe Swiss Village Utility, Inc. (Tahoe Swiss Village) requests authority to buy a small water system which serves the Glenridge Park Subdivision in a mountainous area of El Dorado County near Lake Tahoe. The seller no longer desires to operate the system.

Notice of this joint application appeared on the Commission's Daily Calendar on November 16, 1989. A customer bill insert notice was sent on October 30, 1989 indicating that a rate increase was also requested and pending. However, on January 2, 1990, Glenridge sent a second bill insert notice correcting its misunderstanding that Tahoe Swiss Village's recent rate increase is applicable to Glenridge once this application is approved. No protests were received.

After reviewing the joint application and performing an on-site investigation of the water system, the Commission Water Branch (Branch) recommends that Commission approval of the sale include a condition that the new owner acquire a second source of water if the number of customers reaches or exceeds 50 customers. General Order (GO) 103 requires that a water utility have two independent sources of water. This requirement was added in 1974

after Glenridge became a public utility. The joint applicants indicate that compliance with this condition is already being pursued.

Based upon the application and Branch's report, we find that the sale and transfer of the Glenridge water system to Tahoe Swiss Village is reasonable and not adverse to the public interest. Tahoe Swiss Village has the economic and technical ability to purchase and operate the water system. However, we find reasonable Branch's recommendations to require a second water source when the customers number 50.

A public hearing is not necessary.

The joint applicants request expeditious approval so that Tahoe Swiss Village may include Glenridge on its insurance policy which will be renewed on June 6, 1990.

Findings of Fact

1. Glenridge and Tahoe Swiss Village, both public utilities, jointly request to sell and transfer a water system in the Glenridge Park Subdivision from Glenridge to Tahoe Swiss Village.

2. Glenridge was authorized to operate as a public utility in 1967 (Decision 72263). The system consists of 37 meters, 8845 feet of water mains, one well, one pumping station, one reservoir and a total capacity of 100,000 gallons of water. The system is in good condition; however, the reservoir needs interior and exterior painting which is estimated to cost \$35,000. The system meets current GO 103 requirements, except there is only one source of water supply.

3. Tahoe Swiss Village presently operates Glenridge under a 1989 management agreement. The owners of Glenridge do not desire to continue to operate the company.

4. Tahoe Swiss Village also presently provides satisfactory service to approximately 346 flat rate customers in an area south of Tahoe City in Placer County. This service area does not adjoin the Glenridge service area. They are three miles apart. Tahoe

Swiss Village proposes to interconnect the two systems in the future.

5. Tahoe Swiss Village desires to purchase Glenridge and believes this is a desirable investment opportunity. The buyer and seller executed a purchase agreement, subject to the Commission's approval, which sets the purchase price as \$20,000 payable in two equal installments and the sale of the system on an "as is" basis.

6. The joint applicants estimate that the system originally cost \$56,260. They calculate a depreciation reserve of \$28,544, resulting in a present net cost of \$27,716, as of December 31, 1989.

7. After correcting an error in Glenridge's 1982 Annual Report, Branch estimates an original cost of \$51,060 and net book value of \$28,820. The joint applicants accept Branch's corrections. Branch calculates the following plant in service and requests that these calculations be adopted as the authorized plant, depreciation, and net plant in service:

Total Plant In Service	\$61,172
Non-depreciable Plant	8,050
Depreciation Reserve	32,352
Net Plant In Service	28,820

The difference between Net Plant In Service of \$28,820 and the purchase price of \$20,000 represents a plant acquisition adjustment of \$8,820.

8. There are no customer deposits or main extension agreements to be considered in the sale and transfer of property.

9. The financial statements attached to the application as Exhibits C and D and Branch's report indicate that Tahoe Swiss Village has the financial ability to purchase the company without any adverse financial impact even though the 1988 income statements show net losses of \$6,760 and \$1,908 for Glenridge and Tahoe Swiss Village, respectively.

10. Tahoe Swiss Village possesses the technical ability to operate the Glenridge water system.

11. Tahoe Swiss Village agrees to adopt the presently filed tariffs of Glenridge and to be bound by any outstanding Commission decisions and/or directives involving the Glenridge water system.

12. Tahoe Swiss Village agrees to charge the existing rates in Glenridge.

13. The proposed sale and transfer of Glenridge from Glenridge to Tahoe Swiss Village is not adverse to the public interest.

14. The joint applicants request that a decision in this proceeding be rendered on or before June 6, 1990.

15. No public hearing in this matter is necessary.

Conclusion of Law

This application should be granted with conditions.

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 after the effective date of this order Glenridge Water Company, Inc. (Glenridge, seller), may transfer the public utility water system in Glenridge Park Subdivision and other assets to Tahoe Swiss Village Utility, Inc. (Tahoe Swiss Village, buyer) in accordance with the terms in the application.

2. As a condition of this grant of authority, Tahoe Swiss Village shall acquire a second source of supply when the number of customers reaches or exceeds 50.

3. 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, if any

exist at the time of the transfer, and shall notify the affected customers.

4. Within 10 days after transfer, buyer shall write the Commission, stating the date of transfer and the date the requirements of paragraph 3 above are completed. The buyer shall record the transfer in conformity with the uniform system of accounts for water companies as prescribed by the Commission and submit the accounty entries to the Commission for approval.

5. 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.

6. Before the transfer occurs, seller shall deliver to buyer, and buyer shall keep, all records of the construction and operation of the water system.

7. Within 90 days after the actual transfer, buyer shall file, in proper form, an annual report on seller's operations from the first day of the current year through the date of transfer.

8. When this order has been complied with, seller shall have no further obligations in connection with this water system.

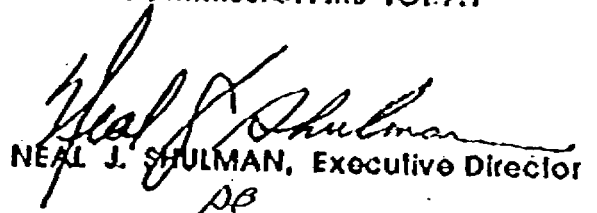
This order is effective today.

Dated JUN 06 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

- 5 -


NEAL J. SHULMAN, Executive Director
DB