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Decision 91-03-049 March 22, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Willis E. Thompson and Claudia J.)
Thompson a partnership for authority)
to sell its Fort Jones water system)
to the City of Fort Jones.)

ORIGINAL

Application 90-11-042
(Filed November 26, 1990)

O P I N I O N

Pursuant to Public Utilities Code (PU) § 851 through 854, Willis E. and Claudia J. Thompson (applicants) seek authority to sell, and the City of Fort Jones to acquire, the Fort Jones Water System (water system).

Notice of this application was published in the Pioneer Press, a newspaper of general circulation in Fort Jones, on December 24, 1990. Notice of the application also appeared on the Commission's Daily Calendar of November 29, 1990. No protests were received; therefore, a public hearing is not necessary.

The Water Utilities Branch of the Commission Advisory and Compliance Division (CACD) supports applicants' request to sell their water system.

Applicants' water system serves approximately 300 residential and commercial customers in the City of Fort Jones, Siskiyou County, approximately 55 miles northwest of Dunsmuir. Their water supply is obtained from two wells. A shallow well is used for the primary water supply, and a deep well is used for back-up purposes. Storage consist of one 97,000-gallon concrete tank located on a hill above the service territory. Water is transported to customers through approximately 23,000 feet of transmission lines of various sizes. Net utility plant on December 31, 1989 was approximately \$41,000.

On November 5, 1990 the parties entered into an agreement of sale, Exhibit B to the application, in which the City of Fort Jones agreed to pay applicants \$137,500 for all of the water system's assets, except for the cash accounts and bank accounts. The City of Fort Jones will assume liability for all customer deposit accounts and any refunds due on \$23,249 of main extension advances. The City of Fort Jones has no immediate plans to increase the water rates.

The agreement also provides for the City of Fort Jones to issue up to \$325,000 of water revenue bonds pursuant to the Revenue Bond Act of 1941, of which it has pre-applied to the Farmers Home Administration of the United States Department of Agriculture.

Upon the grant of Commission authority for applicants to sell their water system to the City of Fort Jones, applicants and the City of Fort Jones will establish a deliver date for the sale and delivery of the bonds and establish a closing date for the sale and purchase of the water system to take place on or before April 1, 1991.

The City of Fort Jones was incorporated as a city on March 16, 1872. However, portions of Exhibit B to the application, sales agreement, and Exhibit C to the application, Town of Fort Jones letter of intent to maintain rates at the present level, use the names of the City of Fort Jones and the Town of Fort Jones interchangeably. Applicants' February 1, 1991 letter clarified that although Fort Jones was incorporated as a city, the city's total population does not meet the criteria to be classified a city, but it does meet the criteria for a town. Therefore, the City of Fort Jones is commonly known as the Town of Fort Jones.

Irrespective of specific population requirements to be classified as a city, the purchaser of the water system was legally incorporated as a city, and as such, authority to transfer the water system should be granted to the City of Fort Jones, the legal entity.

Since the sale and transfer of the water system from applicants to the City of Fort Jones is in the public interest, this order should be effective on the date signed.

Findings of Fact

1. Applicants seek authority to sell its water system to the City of Fort Jones.

2. The Water Branch supports the transfer of the water system from applicants to the City of Fort Jones.

3. No protests have been filed. Therefore, a public hearing on this application is not necessary.

4. The City of Fort Jones has agreed to pay applicants \$137,500 for all of the assets of the water system which had approximately \$41,000 of net utility plant on December 31, 1989.

5. The City of Fort Jones will assume liability for all customer deposits and for any refunds due on main extension advances.

6. The City of Fort Jones is an incorporated city.

7. The City of Fort Jones has no immediate plans to increase the water rates.

8. The sale of the water system to the City of Fort Jones is not adverse to the public interest.

Conclusions of Law

1. 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.

2. This order should be effective on the date signed because the sale of the water system is in the public interest.

3. The application should be granted as hereafter provided.

4. The authority granted in this application is not a finding of the value of the rights and properties to be transferred.

ORDER

IT IS ORDERED that:

1. Willis E. and Claudia J. Thompson (applicants) are authorized to sell their Fort Jones water system (water system) to the City of Fort Jones in accordance with the terms of the agreement attached to the application as Exhibit B.

2. Within 10 days after the completion of the transfer, applicants shall notify the Water Utilities Branch of the Commission's Advisory and Compliance Division (CACD), in writing, of the date of the transfer and of the date upon which the City of Fort Jones shall have assumed operation of the Fort Jones water system. A true copy of the instruments of transfer shall be attached to the notification.

3. Applicants shall file with the CACD Director within 90 days after actual transfer of the water system to the City of Fort Jones an annual report on their operations of the water system from the first day of the current year through date of transfer.

4. The City of Fort Jones shall assume liability for refunds of all existing customer deposits and for refunds of main extension advances.

5. 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, applicants shall stand relieved of their public utility obligations for the transferred water system, and their corporate Identification No. U-414-W shall be revoked.

6. The authority granted in Ordering Paragraphs 1 through 5 shall expire on December 31, 1991 if it has not been exercised by that date.

7. This application is granted as set forth above.
This order is effective today.

Dated March 22, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL WM. FESSLER
NORMAN D. SHUMWAY
Commissioners

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


NEAL J. SCHULMAN, Executive Director