

JUN 17 1992

Decision 92-06-047 June 17, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 Melvin Goldstein to purchase nine
 hundred sixty shares of the Owens
 Valley Water Company, a California
 Corporation, # U 279-W for an ex parte
 order authorizing the purchase, and
 the Application of Trust Services of
 America, Inc. to sell nine hundred
 sixty shares of common stock of the
 Owens Valley Water Company.

ORIGINAL

Application 91-10-045
 (Filed October 17, 1991)

OPINIONStatements of Facts

By Decision (D.) 69618 issued August 31, 1965 in Application 47525, principals of the Wagner-Tatum Development Company were given a certificate of public convenience and necessity to construct, extend, and operate the Owens Valley Water Company (Owens Valley), a California corporation serving a 185 lot tract in the vicinity of Lazy A Estates, adjacent to Highway 395, 1-1/2 miles north of Bishop, in Inyo County.

Today the utility provides public utility water service to 115 flat rated customers from two wells which pump from local ground water aquifers. The system meets General Order 103 requirements.

Trust Services of America, as trustee for the Ann Moffett Trust, dated June 21, 1978, today owns 100 percent (960 shares) of the common stock of Owens Valley.¹ Ann Moffett is the deceased

¹ The Wagner-Tatum principals sold the Owens Valley stock in the late 1960's to Bill and Ann Moffett, husband and wife as well as business partners. After Bill's death, the water company stock was owned solely by Ann Moffett who died about 1980. The stock then passed to the Ann Moffett trust.

sister of Melvin Goldstein who has a 25 percent interest in the Ann Moffett Trust. Upon the demise of Goldstein and his brother, the Trust is to disburse all assets to the beneficiaries. For the past nine years, Goldstein has been operating Owens Valley, and is familiar with the operating aspects of a regulated water utility.

By an agreement made October 15, 1991 between Goldstein and Trust Services of America, all 960 shares, representing 100 percent of the outstanding capital stock of Owens Valley, are to be sold to Goldstein. The purchase price is to be \$15,000, payable \$7,500 at closing, and the remaining \$7,500 within 90 days after closing. The utility's Annual Report for year 1990 discloses utility plant in service to be \$47,999 with a depreciation reserve of \$22,658. The beneficiaries of the Ann Moffett Trust and the customers of Owens Valley have been notified of the proposed sale and the Trustee has received no objections. Goldstein proposes to continue the utility's existing tariffs in their entirety and will refile them to reflect the corporation's new ownership upon approval of the proposed sale.

By the captioned application, Goldstein and the Trustee of the Ann Moffett Trust seek Commission approval for the sale and transfer of the Owens Valley stock, the business property, capital assets and liabilities.

Notice of the application appeared in the Commission's Daily Calendar of November 17, 1991. No protests have been received.

Discussion

This application is filed to comply with the requirements of Public Utility Code Section 854(a) which provides that no person shall acquire or control either directly or indirectly any public utility organized and doing business in this state without first securing authorization to do so from the Commission. This is because it is the function of the Commission to protect the public interest, to prevent impairment of the public service by a transfer

into the hands of parties incapable of rendering adequate service at reasonable rates or upon terms which would produce the same undesirable result (So. Cal. Mountain Water Co. (1912) 1 CRC 520).

In the present proposal there is no evidence that the proposed sale and transfer would in any way be injurious to the public interest. The rates will continue unchanged; Goldstein proposes to continue existing tariffs, and will refile these after the sale and transfer are consummated. Operation and management will be essentially unchanged; the purchaser is the present president of the utility corporation and has been responsible for its operations over the past nine years, and is familiar with the business, its assets, and financial records. He will continue to retain the services of a local "on call" emergency operator whose telephone number is disclosed on each utility bill. The purchaser is financially sound and able to meet the obligations he is undertaking; he is semi-retired with a small accounting business operating out of an office suite in Los Angeles, and has investments which produce income over \$100,000 annually. The purchase price of \$15,000 is less than the rate base, and for recorded year 1990 the utility produced an approximate 10 percent return. Thus, the purchaser is an experienced and financially sound operator who proposes fully to meet the obligations which accompany the proposed transfer. These facts justify a finding that the proposed sale and transfer is in the public interest.

Given the absence of any adverse impact to the consumers, and the absence of any protest, there exists no need for a public hearing. The Trustee will be required to make remittance to the Commission of the Public Utilities Commission Reimbursement Fees collected up to the date the sale and transfer is consummated, and upon consummation of the sale and transfer and payment to the Commission of these fees, the Trustee will be relieved of its public utility water service obligations.

Findings of Fact

1. Owens Valley provides public utility water service in a residential area in the vicinity of Lazy A Estates, adjacent to Highway 399, 1-1/2 miles north of Bishop.

2. As Trustee for the Ann Moffett Trust dated June 21, 1978, Trust Services of America owns 100 percent (960 shares) of the common stock of Owens Valley.

3. The Trustee and Goldstein have contracted to sell Owens Valley to Goldstein.

4. Goldstein is an experienced and financially sound operator with nine years' experience in operating Owens Valley.

5. A sale and transfer to Goldstein will have no operating or financial impact for the consumers.

6. It can be seen with reasonable certainty that the sale and transfer to Goldstein presents no significant impact on the environment.

7. Before the Trustee can be relieved of its public utility service obligations upon a sale and transfer, it must make remittance to the Commission of the Public Utilities Commission Reimbursement Fees collected up to the date the sale and transfer is consummated.

8. A sale and transfer of the stock, business property, capital assets and liabilities and operations of Owens Valley to Goldstein would not be adverse to the public interest.

9. There is no known opposition to the proposed sale and transfer.

Conclusions of Law

1. A public hearing is not necessary.

2. The sale and transfer should be authorized.

3. Upon completion of the sale and transfer, and payment of the Public Utilities Commission Reimbursement Fees collected to date of the sale and transfer, the Trustee can be relieved of its public utility service obligations.

O R D E R

IT IS ORDERED that:

1. Within six months after the effective date of this order, Trust Services of America, Inc. (Trustee) may sell and transfer to Melvin Goldstein (Goldstein) the 960 shares of the common stock of Owens Valley Water Company (Owens Valley), representing 100 percent of that stock, and the business property, capital assets and liabilities, and operating rights of Owens Valley, for \$15,000 in accordance with the terms set forth in the application.

2. Within ten days of the actual transfer, Trustee shall notify the Commission in writing of the date on which the transfer was consummated. A true copy of the instruments effecting the sale and transfer shall be attached to the written notification.

3. Trustee shall pay to the Commission before the sale and transfer becomes effective all fees due under Public Utilities Code Section 431.

4. Upon completion of the sale and transfer, and compliance with Ordering Paragraph 3, Trustee shall stand relieved of its public utility water service obligation in the Owens Valley service territory.

5. Within 90 days after the sale and transfer are consummated, Goldstein shall refile the Owens Valley tariffs to reflect the new ownership.

6. The authorization granted by this order shall not be construed as a finding of the value of the rights and properties authorized to be transferred for ratemaking purposes.

7. The authority granted in Ordering Paragraph 1 shall expire six months from the effective date of this order if it has not been exercised by that date.

This order becomes effective 30 days from today.

Dated June 17, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President

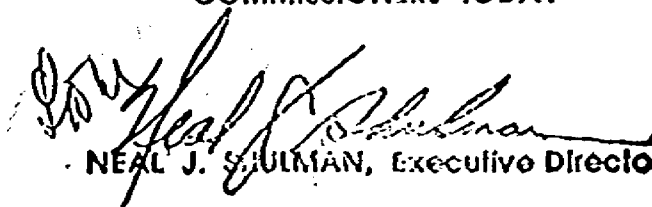
JOHN B. OHANIAN

PATRICIA M. ECKERT

NORMAN D. SHUMWAY

Commissioners

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


NEAL J. SHULMAN, Executive Director