

ORIGINAL

Decision 82 01 10 JAN 5 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the DEPARTMENT OF
PUBLIC UTILITIES OF THE CITY OF
TULARE, a body politic, duly
organized and existing under and
by virtue of the laws of the
State of California, and the
Freeholders Charter of the City
of Tulare.

Application 60934
(Filed September 24, 1981)

O P I N I O N

This application was filed by the Department of Public Utilities of the City of Tulare (City). It has been joined in by the Cardoza Water Company (Cardoza) which provides flat rate water services to approximately 500 residences in the southeast area of City. Cardoza and City have agreed that Cardoza's water system will be sold to City. City operates a separate water system serving other parts of City.

According to Cardoza's last (1980) annual report, it serves 504 flat rate residential customers. It has \$131,044 worth of plant in service, offset by accumulated depreciation of \$31,696. Of the plant in service, \$81,206 is represented by mains and nearly \$10,000 by services. Approximately \$35,000 is accounted for by pumps and wells. The company has two 8,000-gallon tanks. During 1980, water revenue was slightly over \$36,000; total operating expenses were just under \$28,000. The principal elements of expense were power at \$8,122 and owner's salary of \$6,000. Property and California income taxes amounted to approximately \$2,100. There was also an interest payment of \$1,135.

The agreed-upon purchase price for the water system is \$450,000, in exchange for which City will receive all the utility's

physical assets including water rights and operating property.

The purchase price is to be paid by a down payment of \$100,000 due on close of escrow, the balance to be paid out of system revenues on a note bearing 9% interest.

It is alleged that the purchase of the water system by City is in the best interests of the public. City plans to interconnect its existing water system to the Cardoza system and make improvements.

Customers of the water service were notified of the proposed sale by mail. The notice included a statement that, after the sale, City would charge \$7.00 per month. (Cardoza's existing rate is \$6.00 per month.) No protests have been received.

Findings of Fact

1. No public hearing is necessary.
2. The proposed transfer is not adverse to the public interest.
3. Cardoza holds no advances for construction.

Conclusion of Law

The transfer should be authorized.

O R D E R

IT IS ORDERED that:

1. On or before March 1, 1982, Cardoza Water Company (Cardoza) may transfer the water system and other assets referred to in the application to the City of Tulare, according to the terms stated in the application.
2. On or before the date of transfer, Cardoza shall refund any customer credit deposits which are subject to refund.

3. Within 10 days after transfer, Cardoza shall write the Commission stating dates of transfer and deposit refunds, and the date when Tulare began operating the water system. A copy of the transfer documents shall be attached.

4. Upon compliance with this order, Cardoza shall be relieved of its public utility obligation to customers served by the transferred system.

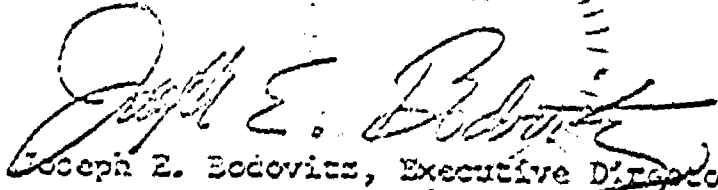
This order becomes effective 30 days from today.

Dated JAN 5 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

Commissioner Leonard M. Grimes, Jr.,
being necessarily absent, did not
participate.

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


Joseph E. Bodovitz, Executive Director