

ORIGINAL

Decision 82 09 011 SEP 8 - 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ANDERS A. NYQUIST)
and NELLIE E. NYQUIST, doing)
business as TIMBERLAND WATER)
SERVICE, to sell and BRANKO Z.)
PUDARICH and DONNA L. PUDARICH to)
buy the water system in Placer)
County.)

Application 82-01-56
(Filed January 28, 1982)

O P I N I O N

Anders A. Nyquist and Nellie E. Nyquist,¹ doing business as Timberland Water Service, request authority to sell and transfer and Branko Z. and Donna L. Pudarich request authority to purchase and acquire a public utility water system near Tahoe City in Placer County.

The authority to operate the system was granted by Decision (D.) 71256 dated September 6, 1966 in Application (A.) 47920. Prior to that it was an unregulated public utility operated by Bertel A. Anderson. The system consists of two wells, two pumps, three tanks with total storage capacity of 90,000 gallons, and 5,200 feet of distribution pipes. The net book value of the water system was reported to be \$37,863 as of December 31, 1979. The agreed selling price for the water system is \$45,000 with a down payment of \$10,000 and annual payments of \$5,850 payable at the end of each year until paid in full. The Pudarichs are placed on notice that for rate

¹ Anders A. Nyquist passed away in April 1982. By letter dated May 14, 1982 Nellie E. Nyquist states that the water company was held in joint tenancy with her husband Anders A. Nyquist and that she wished to complete the original agreement to sell Timberland Water Service to her daughter and son-in-law, Donna and Branko Pudarich.

fixing purposes the historical net book value of the system will be used, not the purchase price. Applicants state there are no outstanding customer deposits or main extension advances.

Applicants desire to dispose of the water system because of advancing age and poor health. Buyers are son-in-law and daughter of applicants and have assisted in operating the water system since 1970.

Buyers propose to adopt the presently filed tariffs of applicants. Buyers report a net worth of \$511,600 as of January 15, 1981. Buyers indicate by letter dated March 1, 1982 (received as Exhibit 1) that they understand that rates will be based on depreciated original cost of plant excluding any contributed plant, and not on the purchase price. Notice of the proposed transfer of ownership was sent to all customers in February 1982.

On February 8, 1982 a letter was received from a customer, Ty Sidener, who alleges that applicants had not paid the people on Tahoe Lane who had installed and paid for a deep water line when the water system was owned by the previous owner, Bertel A. Anderson. Sidener in his letter alleges that the decision which granted a certificate of public convenience and necessity to applicants (D.71256 dated September 6, 1966 in A.47920) awarded the people on Tahoe Lane \$2,500. However, the only reference to the Tahoe Lane water line contained in D.71256 (66 PUC 161) is on page 103 of the decision which states:

"During the Andersons' tenure a group of users located on Tahoe Lane, at the lower end of the system, jointly purchased and installed approximately 820 feet of 4-inch

steel pipe, service lines to nine homes and two small fire hydrants at a cost of \$3,600, to obtain better service. Applicants are negotiating with these users for acquisition of those facilities. The staff has included \$2,535 in its future plant estimate for the depreciated cost of these facilities on the assumption that they will be acquired."

Although Sidener suggests that the amount of \$2,500 plus interest be deducted from the sale proceeds and turned over to the people of Tahoe Lane, this is not the proper proceeding to resolve their contractual differences. This appears to be a longstanding dispute between the residents on Tahoe Lane and applicants or applicants' predecessor, and is probably a matter subject to civil court jurisdiction. However, if Sidener believes this Commission has jurisdiction to resolve this issue, he may file a formal complaint under Public Utilities Code § 1702. Since D.71256 assumed that the Tahoe Lane pipeline would be purchased by the Nyquists and such purchase never occurred, an adjustment in rate base would be necessary in a future rate proceeding

Findings of Fact

1. The proposed transfer would not be adverse to the public interest.
2. A public hearing is not necessary.

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 before November 1, 1982 Anders A. and Nellie E. Nyquist may transfer the water system and properties designated in the application to Branko Z. and Donna L. Pudarich.

2. As a condition of this grant of authority, buyers shall assume the public utility obligations of sellers, and shall notify the affected customers.

3. Within 10 days after transfer, buyers shall write the Commission, stating the date of transfer and the date the requirements of paragraph 2 were completed.

4. Buyers shall either file a statement adopting sellers' tariffs or refile those tariffs under their own name as prescribed in General Order Series 96. Rates shall not be increased unless authorized by this Commission.

5. Before the transfer occurs, sellers shall deliver to buyers, and buyers shall keep, all records of the construction and operation of the water system.

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

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

8. Buyers shall maintain their accounting records on a calendar year basis in conformity with the Uniform System of Accounts.

This order becomes effective 30 days from today.

Dated SEP 8 1982, at San Francisco, California.

JOHN E. BRYSON

President

RICHARD D. GRAVELLE

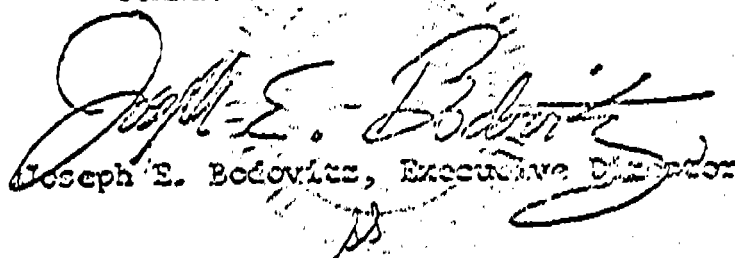
LEONARD M. GRIMES, JR.

VICTOR CALVO

PRISCILLA C. CREW

Commissioners

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


Joseph E. Bodovitz, Executive Director