

Decision No. ~~87248~~

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MONTGOMERY EQUIPMENT CO., to acquire control of RIVER ISLAND WATER CO., through acquisition of outstanding shares of stock from EDWARD K. OLSEN, JR.

Application No. 57060
(Filed February 8, 1977)

O P I N I O N

Applicant Montgomery Equipment Co. seeks authority to control River Island Water Co. through acquisition of outstanding shares of stock owned by Edward K. Olsen, Jr. Applicant has operated the utility since September, 1975 pending transfer of control.

River Island Water Co. is a California corporation, doing business as a public water utility, operating in an area known as Tracts 389 and 449 of River Island Estates near the community of Springville in Tulare County. Water service is provided by two deep wells with a combined pumping capacity of 143 gallons per minute. Storage consists of two tanks totaling 60,000 gallons. Water is distributed to 24 customers through 4,976 feet of main ranging between 4-inch and 6-inch in size.

The terms and conditions of the proposed transfer are set forth in a proposal dated September 26, 1975, attached to the application as Exhibit A. The proposal prescribes the purchase price of \$10,000. Upon completion of the sale purchaser will assume, or reimburse seller for, as the case may be, the current operating expenses of the utility incurred after October 1, 1975 in excess of revenue for such period. Seller will pay debts of the utility incurred prior to October 1, 1975.

Staff advises that applicant purchaser is a wholly owned subsidiary of R. B. Montgomery Drilling, Inc., a corporation involved in contract oil well drilling and real estate development, and that the parent corporation has a sizable organization, including engineering personnel made available to applicant as needed. All personnel are employed by the parent corporation. Personnel assigned to applicant for purpose of operating and maintaining the utility have demonstrated competence during the period since September, 1975. The purchaser desires to acquire the system because of other investments in the immediate area which will be enhanced by a reliable source of domestic water. As of October 31, 1976, purchaser indicates a net worth of \$1,549,996 in balance sheet attached to the application as Exhibit C.

Both seller and purchaser accept joint responsibility for informing the utility's customers about this acquisition.

Findings and Conclusions

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest. A public hearing is not necessary. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

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The authorization granted shall not be construed as a finding of value of rights and properties to be transferred.

O R D E R

IT IS ORDERED that Montgomery Equipment Co. may control River Island Water Co.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 26th day of APRIL 1, 1977.

Robert Bateman

President

William Symons Jr.

Vernon L. Strickland

Richard D. Gould

Commissioners