

ORIGINAL

Decision No. 88652 APR 4 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 R. C. Soultz and Ethel V. Soultz doing  
 business as Valley View Water Company  
 holding Decision No. 59600 to operate  
 a Public Utility Water System, request  
 permission to transfer said certificate  
 to Ben A., Roberta J. Ennis and  
 Claude C., Norma J. Bunch.

Application No. 57616  
 (Filed October 11, 1977)

O P I N I O N

By this application R. C. Soultz and Ethel V. Soultz (hereinafter referred to as "Seller", the present joint owners of a Class D water utility, and doing business as Valley View Water Company) seek authorization under Section 851 of the Public Utilities Code to sell and transfer their public utility water system to a partnership consisting of Ben A. Ennis, Roberta J. Ennis, Claude C. Bunch, and Norma J. Bunch (hereinafter referred to as "Buyer"), who join in this application and plan to continue doing business as Valley View Water Company.

A certificate of public convenience and necessity to construct and operate a public utility water system in the unincorporated area located approximately one mile northeast of the City of Porterville (Tulare County) was originally granted to Carl W. and Pauline Allison in Decision No. 59600 (Application No. 41488), dated February 1, 1960. Transfer of certificate to Seller, R. C. and Ethel V. Soultz (dba Valley View Water Company), was authorized pursuant to Decision No. 60651 (Application No. 42316), dated August 30, 1960.

Seller currently furnishes domestic water to 163 active and one inactive residential connections, one inactive industrial connection, and seven fire hydrants. Charges are currently flat rates per service connection for residential and industrial users.

The water system properties consist of two 10-inch wells, each equipped with a 30-hp pump and a 5,000-gallon pressure tank, located on two water company lots and 8,595 feet of cement-asbestos pipe. As of December 31, 1976, the original cost of the property, recorded in the Annual Report, being transferred is \$44,033; the depreciation reserve is \$14,314 resulting in a net book cost of \$29,719.

The terms and conditions of the proposed transfer are set forth in the sales agreement, dated September 29, 1977, attached to the application as Exhibit B. The sales agreement prescribes the purchase price of \$47,500 with \$7,500 to be paid down leaving the balance to be paid over a period of 120 months at \$525 per month beginning December 20, 1977, and continuing until the balance has been paid. The utility will not generate sufficient cash flow to meet the monthly payment; however, Mr. Ennis' financial statement indicates total assets of \$609,800 which include cash savings of \$97,000 that will enable Buyer to meet its financial obligations.

Applicants (Seller and Buyer) allege that the transfer will result in better and more responsive service to the customers. The proposed manager and operator, Mr. Claude Bunch, will have his office in his home located in the service area of the Valley View Water Company. Mr. Bunch, presently a salesman for Ennis and Bentz Realty Company, was previously employed in construction work which indicates that he has the mechanical aptitude to carry on the operation of the system. Mr. Bunch expects to learn the operation of the water utility before the actual transfer of the Valley View Water Company.

Mr. Soultz, who is 61 years old and involved in other related businesses, indicated a desire to discontinue the operation and ownership of the Valley View Water Company.

Seller proposes to transfer ownership to Buyer with advances for construction (main extension) fully refunded as stated in the application. The Commission staff recommends that this proposal be rejected in order not to conflict with the general policies of the main extension rule. The sales agreement should be revised to state that at the time of the actual transfer of ownership, Buyer will assume and retain the utility's obligation to refund the advances for construction at the terms and conditions specified in the General Provisions under Rule No. 15 in the company's tariff.

Both Seller and Buyer are to accept joint responsibility for informing the utility's customers concerning this acquisition.

Exhibit D of the application, which purports to show the existing rate structure on file, is in error. Rather, that portion under monthly quantity rates for the first 1,000 cu.ft. or less at a charge of \$4.00 should be deleted.

The Commission staff made a field inspection of the water system in February, 1978, and considers the facilities to be properly maintained and operated.

The Finance Division has reviewed the application and concurs with the Utilities Division's recommendation.

The Commission finds that:

1. The proposed transfer of ownership to Buyer is not adverse to the public interest.
2. Buyer has the financial resources to acquire and operate the water system known as the Valley View Water Company.
3. It is reasonable for Buyer to apply the present rates of Seller in the service area of Valley View Water Company.

4. Buyer shall assume the utility's obligation to refund advances for construction at terms and conditions specified in the General Provisions of the Valley View Water Company Tariff.

5. A public hearing is not necessary.

On the basis of the foregoing findings, the Commission concludes that the application should be granted as provided in the following order.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred nor as indicative of the amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or before May 1, 1978, R. C. Soultz and Ethel V. Soultz (Seller), may sell and transfer the water system and related assets referred to in the application to a partnership consisting of Ben A. Ennis, Roberta J. Ennis, Claude C. Bunch and Norma J. Bunch (Buyer), and the latter may acquire the public utility water system referred to herein together with the operating rights pertaining thereto, substantially in accordance with the terms of the Agreement of Sale to be amended to state that the advances for construction shall be refunded in such a manner to comply with Ordering Paragraph No. 3.

2. Buyer shall file, within ten days after the effective date of the transfer, a notice of adoption of the presently filed rates and rules of Seller, in accordance with the procedure prescribed by General Order No. 96-A. No increases in the presently filed rates shall be made unless authorized by this Commission.

3. On or before the date of actual transfer, Seller shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances shall be transferred to Buyer who shall be responsible for their refund when due.

4. On or before the date of actual transfer of the properties herein authorized, Seller shall transfer and deliver to Buyer and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

5. On or before the end of the third month after consummation of the transfer as herein authorized, Buyer shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of Seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

6. Buyer shall submit journal entry recording the purchase of Valley View Water Company within 30 days from the date of actual transfer.

7. Within ten days after the actual date of transfer, Seller and Buyer jointly shall file in this proceeding (a) a written statement showing the date of transfer and the date upon which Buyer assumed operation of the water system herein authorized to be transferred, and (b) a true copy of each instrument of transfer of said water system and operating rights.

8. Upon completion of the sale and transfer authorized herein and upon compliance with all the terms and conditions of this order, Seller shall be relieved of his public utility obligations in connection with the utility system herein authorized to be transferred.

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

Dated at San Francisco, California, this 4th day of APRIL, 1978.

Robert Bateman  
President  
William Lyons, Jr.  
Wesley L. Sturgeon  
Gayle D. Hinkle  
Clare J. Hedrick  
Commissioners