

ORIGINALDecision No. 89455 OCT 3 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the applications of ANDREW E. STEVENS and ELIZABETH STEVENS, husband and wife for authority to purchase and operate the TRI-PALM ESTATES sewer system; and NATIONAL GYPSUM COMPANY (dba TRI-PALM ESTATES) for authority to sell the TRI-PALM ESTATES sewer system.

Application No. 58230
(Filed July 14, 1978)

O P I N I O N

National Gypsum Company (Seller), a Delaware Corporation, dba Tri-Palm Estates, and Andrew E. Stevens and Elizabeth Stevens (Purchasers) request authority under Section 851 of the Public Utilities Code to sell and transfer the Tri-Palm Estates sewer system.

The Tri-Palm Estates' Advice Letter No. 1 was filed May 21, 1973, in compliance with Section 489 of the Public Utilities Code and with Chapter 1109 of the statutes of 1970 which amended the Public Utilities Code, making investor-owned sewer systems subject to Commission regulation.

National Gypsum Company alleges that it developed comprehensive self-contained mobile home subdivisions in Thousand Palms, California, known collectively as Tri-Palm Estates, through its merged subsidiary, Mobilife Corporation.

Mobilife Corporation, a unit of National Gypsum Company, dba Tri-Palm Estates, filed Application No. 56328 on March 12, 1976, amended May 25, 1976, requesting an increase in rates. Decision No. 86124, dated July 19, 1976, established rates and also adopted an original rate base of \$464,782. Using composite depreciation

at 2.26%, of \$10,504, the current net book cost is \$454,278. The proposed purchase price is \$666,655, terms cash. This is \$213,377, or nearly 47%, more than the net book cost. The Purchasers acknowledge that the depreciated rate base was established by Decision No. 86124 and allege that they do not seek an upward revision of the rate base due to the sales price. Applicants allege that no portion of the system or the permit to operate will be encumbered to finance the sale.

Applicants allege that the sale of the sewer system is necessitated by the sale of the entire Tri-Palm Estates development to Purchasers, that it is essential for the efficient operation of the system that the operators of Tri-Palm Estates also run the sewer system, and that it is the intent of Purchasers to retain the same personnel who presently operate the system to continue to operate it.

The financial statement of Purchasers, Exhibit E to the application, shows that they have sufficient financial capability to operate and maintain the system.

The application is silent regarding the condition of the system; however, by inspections made in 1975, the Commission staff found service to be satisfactory. By agreement, Exhibit F to the application, Purchasers agree that property will be sold in an "as is" condition.

The Commission staff has determined that there are no deposits to establish credit nor any refunds due on advances in aid of construction.

A notification of the proposed sale of Tri-Palm Estates has been sent to all property owners.

The Commission finds that the proposed sale and transfer is not adverse to the public interest. The application should be granted. 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.

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 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 December 31, 1978, National Gypsum Company may sell and transfer the sewer system (and other assets) referred to in the application to Andrew E. Stevens and Elizabeth Stevens.
2. As a condition of this grant of authority, Purchasers shall assume the public utility obligations of Seller within the area served by the sewer system being transferred and shall assume liability for refunds of all existing customer deposits and advances pertaining to the sewer system being transferred. Purchasers shall send notice of the assumption of liability for refunds to all customers affected.
3. Within ten days after completion of the transfer, Purchasers shall notify the Commission, in writing, of the date of completion and of the assumption of the obligations set forth in Paragraph 2 of this order.
4. Purchasers shall either file a statement adopting the tariffs of Seller now on file with this Commission or refile under its own name those tariffs in accordance with the procedures prescribed by General Order No. 96-A. No increase in rates shall be made unless authorized by this Commission.
5. On or before the date of actual transfer, Seller shall deliver to Purchasers, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the sewer system authorized to be transferred.

6. On or before the end of the third month after the date of actual transfer, Purchasers shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering 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.

7. Upon compliance with all of the terms and conditions of this order, Seller shall be relieved of its public utility obligations in connection with the sewer system transferred.

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

Dated at San Francisco, California, this 30th day of OCTOBER, 1978.

Robert Babin
President
William J. Brown
Verdon L. Sturgeon
Richard W. Noble
Clair T. Delisle
Commissioners