

Decision No. 89558 NOV 28 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Hazen A. Dennis)
 and Margaret A. Dennis doing)
 business as Anderson Springs)
 Water Company to sell and)
 Robert Bull to buy the water)
 system in Anderson Springs.)
 Lake County.)

Application No. 58211
 (Filed July 7, 1978)

O P I N I O N

Hazen A. Dennis and Margaret A. Dennis (Sellers), dba Anderson Springs Water Company, and Robert Bull (Purchaser) jointly request authority under the provisions of Sections 851-854 of the Public Utilities Code to sell and transfer the water system, located in an area known as Anderson Springs, near the City of Middletown, Lake County.

The Anderson Springs Water Company furnishes domestic water under flat rate service to 167 customers and one fire hydrant. There are no metered services.

Authority to acquire the system was granted Sellers by Decision No. 66848, dated February 25, 1964, in Application No. 46048. The filed annual report for 1977 shows the original cost of the system to be \$38,574 with reserve for depreciation of \$24,336, resulting in a net book value of \$14,238. The purchase price is \$20,000. Terms are \$5,000 down with the balance at \$200 per month or more, including interest at the rate of 8% per annum, secured by note and deed of trust for \$15,000 against the utility. A copy of the annual report as of December 31, 1977, is attached to the application as Exhibit D.

Purchaser is paying \$5,762 more than original cost net of depreciation and contributions. He understands that rates will be based upon the depreciated original cost of the plant, excluding contributed plant, and not on the purchase price.

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Sellers desire to dispose of the system because of other time-consuming interests and obligations. Purchaser, a married man, desires to acquire the property as separate property to which he can devote full time and for which he alleges he has the proper knowledge and equipment. Purchaser states he has 25 years in general building, designing and drafting, carpentry, plumbing, electrical, excavating and plumbing.

A copy of the transfer agreement is attached to the application as Exhibit A, and a copy of the proposed deed to real property is attached as Exhibit B. A description of the water system is included in the application.

Purchaser's net worth as indicated in Exhibit C to the application appears to be adequate to operate and maintain the system.

Sellers warrant that there are no customer deposits to establish credit and no main extension advances.

Sellers and Purchaser accept joint responsibility for informing the community of customers about this application after filing. To accomplish this, they had a notice printed in the Middletown Times-Star about the time the application was filed.

Purchaser has advised the Commission staff that he realizes the system is deteriorated. In addition, he states that the County Health Department has closed one spring, and that two of the water storage tanks are dry and probably useless. He states that he intends to fix the system up over a period of time, doing most of the work himself. He is anxious to take possession before winter in order to have time to locate problem areas, such as places which may freeze, and protect them. Since starting negotiations for the utility he has purchased a home in the service area and will normally be immediately available in an emergency.

The Commission finds that the Purchaser is capable of operating and maintaining the water system. 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 June 30, 1979, Hazen A. Dennis and Margaret A. Dennis may sell and transfer the water system (and other assets) referred to in the application to Robert Bull.
2. As a condition of this grant of authority, Purchaser shall assume the public utility obligations of Sellers within the area served by the water system being transferred and shall assume liability for refunds of all existing customer deposits and advances pertaining to the water system being transferred. Purchaser shall send notice of the assumption of liability for refunds to all customers affected.
3. Within ten days after completion of the transfer, Purchaser 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. Purchaser shall either file a statement adopting the tariffs of Sellers 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, Sellers shall deliver to Purchaser, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the water system authorized to be transferred.

6. On or before the end of the third month after the date of actual transfer, Purchaser shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of Sellers for the period commencing with the first day of the current year to and including the effective date of the transfer.

7. On or after the effective date of this order and on or before June 30, 1979, for the purposes specified in this proceeding, Purchaser may issue an evidence of indebtedness in the principal amount of not exceeding \$15,000, and may execute and deliver an encumbering document, which documents shall be in substantially the same form as those attached to the application.

8. Upon compliance with all of the terms and conditions of this order, Sellers shall be relieved of their public utility obligations in connection with the water system transferred.

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

Dated at San Francisco, California, this 28
day of NOVEMBER, 1978.

Commissioner Vernon E. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Robert Bateman
President
William Snow Jr.
Robert C. Howell
Quinn T. DeSilva
Commissioners