

Decision No. 89716 DEC 12 1978

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Kettleman City Water System, Inc. to sell and Kettleman City Community Services District to buy the water system in Kettleman City, California.

Application No. 58368 (Filed September 19, 1978)

O P I N I O N

Kettleman City Water System, Inc. (Seller) requests authority under Sections 851-853 of the Public Utilities Code to sell and transfer the water system to the Kettleman City Community Services District (Purchaser).

Kettleman City Water System, Inc. serves approximately 215 metered rate residential and 6 flat rate residential customers, 25 metered rate industrial customers, and 18 fire hydrants in Kettleman City, Kings County, California.

The water system was granted a Certificate of Public Convenience and Necessity by Decision No. 24421, dated January 25, 1932, in Application No. 17651, and was acquired by Luther and Jane Penix, under authority of Decision No. 38570, dated December 28, 1945, in Application No. 27005, who transferred it to the Kettleman City Water System, Inc., under authority of Decision No. 70516, dated April 5, 1966, in Application No. 48291. They then sold their stock in the corporation to James and Shirley Wiles, the present stockholders of the corporation. Seller alleges that all except \$6,644.99 of the purchase price has been paid.

The water system plant and equipment are identified in the application and Exhibit B to the application. The original cost is given as \$184,807 with depreciation reserve as of December 31, 1977

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of \$70,944, resulting in a net book cost of \$113,863. The sale price is \$217,000, terms cash. The selling price includes \$17,000 for plant and maintenance equipment individually owned by the Wiles, and includes pay for their services in the transition of operations to Purchaser.

Purchaser, which is a special district with governmental power to tax and raise money, desires to acquire the system to insure its operation and improvement without interruption, and to this purpose has an approved loan and grant commitment from Farmers Home Administration for necessary funds for the purchase. Purchaser alleges that it will employ an operator capable of operating the system. Seller desires to dispose of the system because of its small size and lack of adequate return on investment.

The voters have approved revenue bonds by a vote of 70 for and 2 against at a special District Election held July 11, 1978.

Purchaser presently anticipates using the existing rate structure.

Seller and Purchaser warrant that Purchaser will refund customer deposits when due; there are no main extension advances; appropriate arrangements have been made between them for Seller to pay future refunds as they become due; and the condition of the system is good.

The community of customers has knowledge of the proposed sale, and approved it at the special election held July 11, 1978.

After due consideration, the Commission finds that the proposed sale and transfer would not be 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.

O R D E R

IT IS ORDERED that:

1. On or before March 31, 1979, Kettleman City Water System, Inc. may sell and transfer the water system (and other assets) referred to in the application to Kettleman City Community Services District, a public entity, according to the terms and conditions attached to the application.

2. Purchaser shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund, when due.

3. Within ten days after the completion of the transfer, Seller shall notify the Commission, in writing, of the date of transfer, of the refunding of the deposits, and of the date upon which Purchaser shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

4. 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 water system transferred.

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

Dated at San Francisco, California, this 12th day of DECEMBER, 1978.

Robert B. Burton
President

William J. Brown

Veronica L. Sturgeon

Richard P. Howell

Clare T. Deibel
Commissioners