

ORIGINAL

Decision No. 89776 DEC 19 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Thomas B. Tucker,
 Mildred P. Tucker-Shari Ann Clark
 doing business as Central Water
 System to sell and Jimmy Clay
 Russell Sr., Betty Jo Russell, to
 buy the water system in Tulare
 County.

Application No. 58398
 (Filed October 5, 1978)

O P I N I O N

Thomas B. Tucker, Mildred P. Tucker, and Shari Ann Clark, owners of the Central Water System, (Sellers), request authority under Sections 851-853 of the California Public Utilities Code to sell and transfer the water system to Jimmy Clay Russell, Sr. and Betty Jo Russell (Purchasers).

The Central Water System furnishes domestic water to approximately 40 flat rate service customers and two fire hydrants in an area known as Tract 247, located in or near Plainview, approximately four miles west of the community of Strathmore, Tulare County, California.

The filed annual report as of December 31, 1977, Exhibit B to the application, shows the original cost of the system to be \$12,168 with a depreciation reserve of \$6,332, resulting in a net book cost of \$5,836. There is additional original cost of \$3,650 for a new pump, new pump controls, and a completely rebuilt motor, all accomplished during 1978, which was taken into consideration in arriving at the sale price of \$10,000. On this basis Purchasers

are paying approximately \$500 more than the original cost net of depreciation and contributions, with the net cost subject to review. This has been discussed with the purchasers by a member of the Commission staff, and it is understood by them that rate revisions will be based on the depreciated original cost of the plant, excluding contributed plant, and not on the purchase price.

The water system plant and equipment are identified in the application and Bill of Sale.

Sellers desire to dispose of the water system because of ill health. Purchasers desire to acquire the system as an investment. Purchasers' financial statement, Exhibit C to the application, indicates that they have sufficient financial resources to enable them to maintain and operate the system. Purchaser, Jimmy Clay Russell, Sr. is a skilled mechanic engaged in maintaining pumps, motors, storage tanks and processing equipment and is fully qualified to maintain the water system. Resident managers of the system will be Mr. and Mrs. N. W. Ringold, who are the parents of Purchaser Betty Jo Russell.

The Commission staff has been informed that Mr. and Mrs. Ringold, in addition to administrative duties, have full authority to engage contractual services for any repair or emergency which might arise. Also, Mr. Ringold is said to have had extensive experience in repair and maintenance and is capable of performing most routine maintenance.

Applicants did not specify the responsibility for refund of customer deposits or of main extension advances, but the staff investigation has determined that there are no deposits or advances, and no refunds due or to become due.

The condition of the system is good, with all new pump and pump controls and a motor rebuilt to new condition, all of which have been installed by the Sellers.

Customers have been notified of the proposed sale by letter mailed October 2, 1978. A copy of the letter of notification has been received and is in the application file. No protests have been received. ✓

After due consideration, the Commission finds that the proposed sale and transfer of the utility 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 March 31, 1979, Thomas B. Tucker, Mildred P. Tucker, and Shari Ann Clark may sell and transfer the water system (and other assets) referred to in the application to Jimmy Clay Russell, Sr. and Betty Jo Russell.
2. As a condition of this grant of authority, Purchasers 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, if any, pertaining to the water 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 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 Purchasers, 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, Purchasers 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. Upon compliance with all of the terms and conditions of this order, Sellers 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 19th day
of DECEMBER, 1978.

Robert B. Berman
President
William J. Gannon
Joseph L. Sturgeon
Charles D. Howell
Clare J. DeWitt
Commissioners