

ORIGINAL

Decision No. 89958 FEB 14 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BOISE WATER CORPORATION and WILLIS E. THOMPSON and CLAUDIA J. THOMPSON for the sale of stock of DUNSMUIR WATER CORPORATION.

Application No. 58553  
(Filed December 26, 1978)

O P I N I O N

Boise Water Corporation (Seller) and Willis E. Thompson and Claudia J. Thompson (Buyers) jointly request authority under Sections 851-854 of the California Public Utilities Code for Seller to sell and transfer to Buyers all of the issued and outstanding common stock of Dunsmuir Water Corporation (Dunsmuir), a California corporation. The Stock Purchase Agreement, Exhibit C to the application, states that the Seller is owner of 100 shares of the issued and outstanding common stock of Dunsmuir, and that this represents 100% of the issued and outstanding stock of the company (the stock). Buyers, Willis E. Thompson and Claudia J. Thompson, are each to buy 50 shares of the stock.

The original book value of the stock being transferred was \$290,000. The applicants allege that as of October 31, 1978, the original cost of Dunsmuir was \$695,566 and that the depreciation reserve as of October 31, 1978 is \$295,385, resulting in a net book cost of \$400,181. The selling price is \$450,000 with \$20,000 earnest money payable January 3, 1979, and \$20,000 cash payable on closing. Additionally, at closing, Buyers' interest in promissory notes and five Trust Deeds, which have a remaining total principal amount owed, that is represented to be approximately \$65,000, will be assigned to Seller, and approximately

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14.8 acres of land located in Redding which is represented by Buyers as having a current value of \$12,000 per acre will be transferred to Seller by grant deed. Value is to be determined as provided in the agreement. The remaining balance plus interest at 9% per annum is to be paid in installments of at least \$2,500 per month, with the full amount to be paid by five years from the date of closing.

The Dunsmuir Water Corporation provides metered domestic water service to approximately 1,331 customers and flat rate service to three private fire connections and 144 public fire hydrants at Dunsmuir and Fort Jones, and 72 metered domestic customers at Shasta Retreat, which is near Dunsmuir, all in Siskiyou County, California.

Authority to acquire the system operating in Dunsmuir and Fort Jones was granted by Decision No. 44503, dated July 11, 1950, in Application No. 31502. Authority to buy the Shasta Retreat System was authorized in Decision No. 89867, dated January 16, 1979, in Cases Nos. 8936, 9487, and 9666.

Application No. 57272 requested permission to sell Dunsmuir to the City of Dunsmuir. It was rejected by the voters in an election and subsequently dismissed by Decision No. 89312, dated August 22, 1978.

The plant and system facilities located in Dunsmuir and those located in the nonintegrated system at Fort Jones are itemized in the application. The recently acquired system at Shasta Retreat, with a reported 72 flat rate services, consists of land and water mains only, with Commission records showing 1,910 feet of 2-inch diameter cast iron pipe and 3,650 feet of 4-inch diameter cast iron pipe. The supply is from stream diversion. The initial cost of the system was given as \$9,270.30 in 1967, with land comprising \$5,047.87 and mains \$4,222.43 of

this amount with a depreciation of \$1,696.28. The purchase price to Dunsmuir was \$1,800.

Seller alleges that the Dunsmuir water utility plant being transferred conforms with acceptable standards. The staff considers that the Shasta Retreat System, although included in this transfer, is not included in this allegation due to its recent acquisition. The Shasta Retreat Water System is known by the staff to be in poor condition, requiring extensive maintenance and upgrading, particularly of the source of supply and water treatment facilities. Dunsmuir, by Decision No. 89867, has been directed to bring it into compliance with General Order No. 103 within five years. An intertie between Shasta Retreat and Dunsmuir now being installed will provide Shasta Retreat customers with an approved water supply, eliminating the existing critical health hazard of untreated surface water.

Seller desires to dispose of the water systems because they are small and physically isolated from other water systems operated by Seller. Buyers desire to acquire the stock in order to establish local ownership and control over the water system to enable the system to be more responsive to the users.

Buyers' financial status report submitted separately from the application and accepted as Exhibit 1 to the application indicates that they have adequate financial resources to maintain and operate these utilities.

Applicants warrant that (a) Buyers will pay all refunds on customer deposits, which refunds fall due subsequent to transfer of the Dunsmuir stock, and (b) Buyers will pay all refunds on main extension advances which fall due subsequent to transfer of the Dunsmuir stock.

Buyers have expressed the desire for an early decision in order to save on interest payments and to permit an early start on the modification of Shasta Retreat.

Customers have been informed of the proposed transfer by publication in newspapers of general circulation in the communities. Copies of the notification notices are attached to the application as Exhibit F. No protests have been received on this proposed transfer, although protests have been received by the Commission on concurrent related matters, some of which expressed concern over the sale of the Dunsmuir stock, and the Cities of Dunsmuir and Fort Jones requested that this matter be consolidated with the others for a public hearing. However, it was determined in Decision No. 89867 that there was no need for additional hearings on the proposed sale of Shasta Retreat Water System, and the low level of customer response did not indicate any undue concern over the proposed increase in rates. After careful consideration, the Commission finds that the proposed transfer is not adverse to the public interest and should be authorized. A public hearing is not necessary. As there appears to be no cause for delay and the Buyers have requested an early decision, the effective date of this order should be the date of the order.

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 Willis E. Thompson and Claudia J. Thompson may control Dunsmuir Water Corporation.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 14th  
day of FEBRUARY, 1979.

John E. Baynes  
President  
William L. Sturgeon

Clair T. Decker

Commissioners

Commissioner Leonard M. Grimes, Jr.,  
being necessarily absent, did not  
participate.

Commissioner Richard D. Gravello, being  
necessarily absent, did not participate  
in the disposition of this proceeding.