

FG**

Decision No. 89999 1 FEB 27 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Samuel M. Krauth and Eleanor F. Krauth to acquire 100 percent of the issued outstanding shares in and to Live Oak Springs Water and Power Company, a California corporation, under Section 854, Public Utilities Commission.

Application No. 58517
(Filed December 12, 1978)

Application of Live Oak Springs Water and Power Company to transfer utility property to applicants Samuel M. Krauth and Eleanor F. Krauth.

Application No. 58518
(Filed December 12, 1978)

O P I N I O N

Applicants Samuel M. Krauth and Eleanor F. Krauth (Buyers) and applicant Live Oak Springs Water and Power Company, through its present owner, Live Oak Partners (Sellers), request authority under Section 854 of the Public Utilities Code to acquire the stock of the water system. ✓

Live Oak Springs Water and Power Company provides water service only to 88 customers in the Live Oak Springs resort area located in southeastern San Diego County. The service has been provided for approximately 29 years, although its predecessor development company had operated the water system for several years prior to the incorporation of the water company.

Buyers propose to pay \$10,000 cash for all the shares of the corporation. This is part of a larger transaction involving a motel, lodge, bar, restaurant, and a substantial parcel of land for a total purchase price of \$400,000.

A. 58517, A. 58518 FG*

The Buyers have been in possession of these properties since November 1, 1978. Title was to clear escrow in January 1979.

The water system has been in need of maintenance and repair work for some time. The Sellers have been absentee owners for several years, but the Buyers are now operating the properties and are more knowledgeable about operating and maintenance matters.

The Buyers have retained a consulting engineer to survey the water system and make recommendations for improvements. The engineer has recommended two alternate plans, depending on accessibility of a certain site. In general the recommendations are for augmentation of the water supply and complete replacement of mains. The Buyers state that they intend to carry out the recommendations.

The staff concurs that the recommendations of the consultant should be followed. The staff has been in contact with the San Diego County Water Authority and also the San Diego County Local Agency Formation Commission. These officials report that there is no public water agency located within 20 miles of Live Oak Springs and that there is no such agency even in the planning stage.

The Buyers intend to use the present rate structure, but also intend to seek an offset for cost of purchased power and for taxes. Present rates have been in effect since 1968. The estimated direct cost of recommended improvements is in the range of \$70,000 to \$80,000. The Buyers stated that they intend to make these improvements in a 10-year period.

Customers have been notified of the proposed transfer and a copy of the notification is in the application file. No protests have been received. ✓

A. 58517, A. 58518 FG*

After consideration the Commission finds that control of Live Oak Springs Water and Power Company by Samuel M. Krauth and Eleanor F. Krauth through acquisition of all of the outstanding capital stock of the corporation would not be adverse to the public interest. There is no known opposition and no reason to delay granting the authority requested. A public hearing is not necessary. On the basis of the foregoing findings, we conclude that the application should be granted. The authorization herein granted shall not be construed as a finding of the value of the assets or capital stock of Live Oak Springs Water and Power Company.

O R D E R

IT IS ORDERED that:

1. On or before June 30, 1979, Live Oak Springs Water and Power Company may transfer all of the outstanding shares of the corporation to Samuel M. Krauth and Eleanor F. Krauth, husband and wife as joint tenants.

2. On or before June 30, 1979, the buyers shall cause to be filed with the Commission, a report outlining the improvements to be made to the water system.

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

Dated at San Francisco, California, this 27th day of FEBRUARY, 1979.

John E. Gray
President
William L. Stinson
Charles D. Smith
Charles J. Smith
Thomas W. Smith
Commissioners