

ORIGINAL

Decision No. 90502 JUL 3 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MRS. MATILDA K. HEDSTROM doing business as METROPOLITAN WATER COMPANY to sell and O. GENE and KATHRYN L. BULLER (husband and wife) to buy the water system in Fresno, Fresno County.

Application No. 58664  
(Filed February 9, 1979)

O P I N I O N

Mrs. Matilda K. Hedstrom (Seller) seeks authority, pursuant to Section 851 of the Public Utilities Code, to transfer a public utility water system known as the Metropolitan Water Company to O. Gene and Kathryn L. Buller (Buyers).

Metropolitan Water Company is a public utility water system serving 6 metered and 23 flat rate customers near Fresno in Fresno County. For the calendar year 1978 the company reported operating revenues of \$3,191 and net income of \$262. The applicant's balance sheet of December 31, 1978 is summarized below:

<u>Assets</u>	
Net Utility Plant	\$5,712
Current Assets	217
Deferred	<u>570</u>
Total	6,499
<u>Liabilities and Capital</u>	
Common Equity	<u>6,499</u>
Total	6,499

Buyers propose to acquire all the assets of the water utility for the sum of \$7,000, to be paid as a down payment of \$2,000 and the balance to be paid in four annual equal installments of \$1,250 at

10% interest. Buyers are aware that the purchase price of \$7,000 exceeds the estimated rate base (rate base equals net plant of \$5,712) by \$1,288 and that ordinarily, for rate-making purposes, the Commission would authorize earnings on the lesser rate base amount. Based on anticipated future growth and earnings of this utility, Buyers are willing to purchase this utility at a price which exceeds the rate base.

Buyers are residents of Fresno County. O. Gene Buller is a certified engineer technician and Water Treatment Plant Operator, Grade II, and is thoroughly familiar with the operation of this type of water system. Buyers' personal financial statement indicates that their financial position is sound, and they should have no problem meeting the terms of the sale agreement.

Seller desires to dispose of the system, because she has limited time available to manage and care for the system. Seller reported that at the time of filing this application there were no customer deposits to be refunded nor any main line extension contracts on file.

A staff engineer made a field investigation of this water system on April 6, 1979. The water system is about 2 miles from the City of Fresno water system and 5 miles from the nearest Fresno County Water Works District. Transfer of ownership to a political subdivision does not appear feasible.

The Finance Division and the Utilities Division have reviewed the application and have no objections to the proposed transfer.

#### Findings and Conclusions

1. Control of the Metropolitan Water Company by O. Gene and Kathryn L. Buller, through acquisition of the water utility, would not be adverse to the public interest.
2. There is no known opposition to this transfer.
3. There is no reason to delay granting the authority requested.
4. A public hearing is not necessary.

5. The authorization herein granted shall not be construed as a finding of the value of the assets of the Metropolitan Water Company.

We conclude that the application should be granted.

O R D E R

IT IS ORDERED that:

1. On or before November 1, 1979, Mrs. Matilda K. Hedstrom may sell and transfer the water system referred to in the application to O. Gene and Kathryn L. Buller.

2. As a condition of this grant of authority, Buyers shall assume the public utility obligations of Seller within the area served by the water system being transferred and shall assume liability for refunds, if there be any, of all existing customer deposits and any advances pertaining to the water system being transferred. Buyers shall send notice of the assumption of liability for refunds to all customers affected.

3. Within ten days after completion of the transfer, Buyers 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. Buyers shall either file a statement adopting the tariffs of Seller now on file with this Commission or refile under their 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, Seller shall deliver to Buyers, 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, Buyers shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of Seller 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, 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 3rd day of JULY, 1979.

John G. Byrne  
President  
James L. Sturgeon  
Richard W. Howell  
Clair J. DeLuca  
James M. Jones  
Commissioners