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Decision No. 90505 JUL 3 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Joint Application)
of FULTON WATER COMPANY, INC. and)
the Tahoe City Public Utility)
District, a body politic, for an)
order authorizing the sale of a)
portion of FULTON WATER COMPANY to)
TAHOE CITY PUBLIC UTILITY DISTRICT.)

Application No. 58851
(Filed May 9, 1979)

O P I N I O N

Fulton Water Company, Inc. (Seller) a California corporation, and the Tahoe City Public Utility District (Buyer) jointly request authority under Section 851 of the California Public Utilities Code to sell and transfer that portion of Seller's water system known as the Panorama system, which lies fully within Buyer's district boundaries.

Seller supplies water for domestic and commercial use to various real estate subdivisions on the north shore of Lake Tahoe, in the vicinity of Tahoe City. The Panorama system provides water service to approximately 158 customers. It is entirely independent of the remainder of Seller's system. Inventory of plant is attached to the agreement as part of the application. Seller has advised the staff that the net book cost of this system is \$35,546.88 based on total cost of \$56,469.67 and \$20,922.79 accrued depreciation. The selling price is \$90,000, reached by agreement with Buyer under threat of condemnation. A copy of the agreement is attached to the application as Exhibit C.

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Buyer is a public utility district organized and existing under and by virtue of the laws of the State of California and is engaged in the provision of water for domestic and commercial purposes in the area adjacent to the Seller's Panorama system. Buyer wishes to purchase the Panorama system because it wishes to serve in that area and requires Seller's plant, not only to effect major economies in plant and expenses, but to further the master plan for water service to all small developments in the area. Acquisition of the Panorama system provides an opportunity to cross-connect three systems, which will permit better service to present and acquired customers. It provides a 12-inch main crossing State Highway No. 28, a key factor in the consolidation of water systems. The Buyer estimates it would cost \$80,000 to construct the crossing now. There are also attendant operational savings, including elimination of a booster station and its high maintenance and operational costs.

Seller has agreed to sell because it would serve no useful purpose to require Buyer to bring eminent domain proceedings.

Buyer's Board of Directors has approved the purchase of the Panorama system by Resolution No. 79-44 passed by unanimous vote on April 19, 1979.

Terms of the sale are stated in the agreement. The sum of \$15,000 is paid on closing of escrow. The balance of \$75,000 is to be paid in five annual installments of \$15,000 plus interest at 7% per annum, with the first payment due July 1 of the year following close of escrow. Prepayment is not permitted.

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Neither the application nor the agreement makes any mention of refunds due on deposits or advances for construction. Seller has advised staff that there are no outstanding deposits requiring refund, but that there is an outstanding advance, now in the amount of \$4,750, to Duffel Financial and Construction Company, on which Seller will continue to pay refunds based on information provided by Buyer.

Seller has advised customers of the proposed sale by letter dated June 7, 1979, a copy of which is in the Commission's file for this matter. No protests have been received.

Buyer's policy is stated to be to charge all customers a standard rate, currently \$150 per year, flat rate, billed in July for the following twelve months. Panorama system customers are presently paying \$90 per year for a 3/4-inch service connection and \$115 per year for a 1-inch service connection. The transfer would mean a 67% rate increase for those now connected to a 3/4-inch service, and a 30% increase for those with a 1-inch service. There are no metered services. The Panorama system rates became effective July 1, 1975.

Buyer's connection fees of \$500 for a 3/4-inch service and \$750 for a 1-inch service are for new customers. They are not applicable to those customers acquired in this transfer.

Buyer is cross-connecting two existing systems and the Panorama system upon the acquisition of the Panorama system. The present customers of the Panorama system will be benefited by the increased flow capability, storage, pressure, fire fighting capability, and service availability from 24-hour radio dispatched maintenance crews.

Both Seller and Buyer request expeditious action on this application, to the end that closing of escrow may be accomplished by June 30, 1979, as delay of closing beyond this date will involve billing adjustments.

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

After 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, but time required to permit comments from customers, after late notice, will not permit Commission action prior to June 30, 1979, as requested.

The Commission concludes that, in order to permit the parties to close as early as possible, and as there appears to be no need for delay, the effective date of this order should be the date hereof.

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 December 31, 1979, Fulton Water Company may sell and transfer the Panorama water system (and other assets) referred to in the application to the Tahoe City Public Utility District, according to the terms and conditions attached to the application.
2. On or before the date of actual transfer, Seller shall refund all customers' deposits for the establishment of credit, if any, which are subject to refund.

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3. As a condition of this grant of authority, Seller shall retain all liability for refunds of main extension advances, which will be based on information provided by Buyer.

4. 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 Buyer shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

5. 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 is the date hereof.

Dated at San Francisco, California,
this 3rd day of JULY, 1979.

John S. Bryan
President
James L. Staggan
Richard D. Saville
Charles J. DeLoach
James M. ...
Commissioners