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Decision No. 90703 AUG 28 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PAULA D. KING,
RICHARD B. KING, CHERYL L. KING,
TERRI S. KING dba STOVER WATER
COMPANY, for an Order authorizing
the transfer of its properties to
KENNETH R. POST and NORMA J. POST.

Application No. 58723
(Filed March 7, 1979)

O P I N I O N

Paula D. King, Richard B. King, Cheryl L. King and Terri S. King (Sellers) dba Stover Water Company request authority by Application No. 58723, pursuant to Section 851 of the Public Utilities Code, to sell and transfer a public utility water system and related asset to Kenneth R. Post and Norma J. Post (Buyers).

The Stover Water Company provides unmetered domestic water service to approximately 26 customers located in an unincorporated area near Visalia, Tulare County.

George F. Stover, who was the original owner of the Stover Water Company, was granted a certificate of public convenience and necessity to operate a public utility water system by Decision No. 64832, dated January 23, 1963. He later transferred ownership of the Stover Water Company to his grandchildren (Sellers) without authorization from the Commission. In this application the Kings also seek approval from the Commission for the transfer through which they allegedly obtained title to this utility sometime in 1970.

Despite the fact that no application to transfer the water company's properties to the Kings was filed with the Commission at the time that they acquired the water system, the Kings appear to be the de facto owner. The Kings acquired the water company as a gift

from their grandfather, Mr. George Stover. As a practical matter, it would serve no useful purpose to insist on an application to transfer ownership to the Kings at this time. Therefore, the Commission will authorize the 1970 transfer from George F. Stover to the Kings nunc pro tunc.

The filed annual report as of December 31, 1978, indicates that the original cost of the property being transferred is \$9,809.28, that the depreciation reserve is \$4,645.89, and the net book cost is \$5,163.39.

The sale price in accordance to the Exhibit "A" of the application is \$13,000. The agreement to sell, Exhibit A to the application, provides that the sale is to be consummated on or before December 31, 1977, or upon approval of the Public Utilities Commission, whichever occurs last. Buyers allege their understanding that, for rate-making purposes, they will only be allowed to earn a return on the historical cost less depreciation and not on the purchase price.

The water system plant and assets are described in the application. The water supply consists of two wells with a total capacity of 330 gpm, one 7½ hp pump, 50 x 103 feet well and pump site, one 5,000-gallon hydropneumatic tank, 4 fire hydrants, and approximately 2,785 feet of distribution lines.

A copy of the sale agreement and the deed to the real property transferred are attached to the application as Exhibits A and B.

The financial statement of Buyers, Exhibit D to the application, indicate that they are financially capable of operating and maintaining the system. Buyers are resident of Visalia, California and the utility is also located near the City of Visalia. Kenneth R. Post had worked for a public utility for 20 years in a position in which he dealt with pumps and lines, utility management, and customer relations.

Sellers desire to dispose of the system because they no longer reside in the utility area, maintenance is a burden to them, and they have more profitable uses for the proceeds of the sale.

Applicants allege that there are no customer deposits to establish credit nor any main line extension contracts or loans on file.

The community of customers has been informed of this proposed sale by individual letters, of which the staff has received a copy. No protests to the sale have been received. There are no outstanding Commission orders for this utility, and the service it provides is adequate.

Findings and Conclusions

The Commission finds that:

1. Buyers have adequate financial resources to acquire and operate the water system.
2. There is no known opposition to this transfer, and no reason to delay granting the authority requested.
3. The proposed sale and transfer is not adverse to the public interest and should be granted.
4. A public hearing is not necessary.
5. 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 December 31, 1979, Paula D. King, Richard B. King, Cheryl L. King, and Terri S. King, (Sellers) may sell and transfer the water system (and other assets) referred to in the application, to Kenneth R. Post and Norma J. Post, (Buyers).

2. As a condition of this grant of authority, Buyers 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 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 Sellers now on file with this Commission or refile under their own names 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 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


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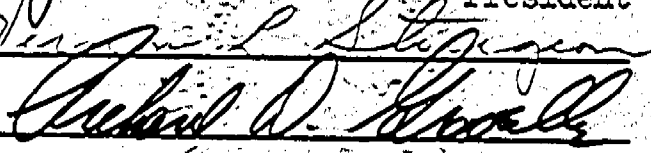
the first day of the current year to and including the effective date of the transfer.

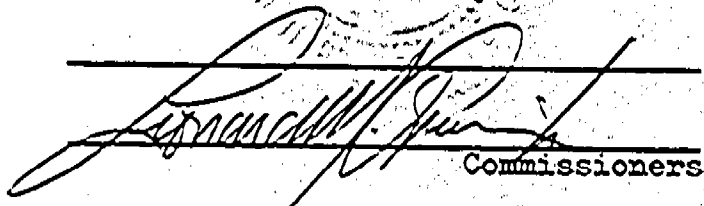
7. Upon compliance with all of the terms and conditions of this order, Sellers shall be relieved of its public utility obligations in connection with the water system transferred.

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

Dated AUG 28 1979, at San Francisco, California.



President




Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.