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Decision No. 90839

SEP 25 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Plunkett Water Company and Donald R. Plunkett, doing business as Plunkett Water Company to sell and County Water Company, Inc. to buy the water system in the City of Lakewood, Los Angeles County.

Application No. 58780
(Filed April 2, 1979)

O P I N I O N

Donald R. Plunkett (Seller), sole proprietor, doing business as Plunkett Water Company, and County Water Company, Inc. (Purchaser) jointly request authority under Section 851 of the California Public Utilities Code to sell and transfer the water system and related assets to Purchaser.

Plunkett Water Company furnishes metered rate domestic water service to approximately 40, and flat rate service to approximately 37 residential customers in the vicinity of Long Beach, Los Angeles County, California.

Records of the Commission show that Seller was granted a Certificate of Public Convenience and Necessity by Decision No. 42382, dated December 29, 1948, in Application No. 29458.

The filed annual report for 1978 shows the original cost of the system to be \$21,273, with a depreciation reserve of \$9,617, resulting in a net book cost of \$11,656. The application gives the depreciation reserve as \$7,591 for a net book cost of \$13,682. The selling price is \$10,000 cash and assumption of debts, including the power bill of \$898.92 and the pumping right deficit of approximately \$600.

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An inventory of the system shows one 8-inch diameter well, 190 feet deep. There is no other source of supply. Also included in the inventory are 5,500 gallons of storage and approximately 4,020 linear feet of distribution main, ranging in size from 1½-inch to 6-inch.

Seller desires to dispose of the property because of pressing business, and Purchaser desires to acquire the system as it is nearby. Purchaser has operated the utility since September 1978 and has been active as a public utility water company for 20 years. Purchaser's annual report for 1978 shows a net income of \$22,073 from operating revenues of \$281,942.

Customers were notified of the proposed sale by the County Water Company, Inc. by letter dated April 11, 1979. A copy of the notice is in the Commission files. No protests have been received.

Seller and Purchaser warrant that there are no customer deposits to establish credit and that there are no advances for construction.

Findings

1. The County Water Company, Inc. has operated and maintained the Plunkett Water Company since September 1978.

2. The County Water Company, Inc. is an active public water utility under the regulatory supervision of this Commission, with operating revenues of \$281,942 and a net income of \$22,073 during 1978.

3. The agreed purchase price is below the net book cost of \$11,656 of the utility.

4. There are no deposits to establish credit or advances for construction.

5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

6. 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.

Conclusions

1. The County Water Company, Inc. is qualified to operate and maintain the Plunkett Water Company and has adequate financial resources to acquire it.
2. The proposed transfer would not be adverse to the public interest.
3. A public hearing is not required.
4. The application should be granted as set forth in the following order.

O R D E R

IT IS ORDERED that:

1. On or before March 31, 1980, Donald R. Plunkett may sell and transfer the water system (and other assets) referred to in the application to County Water Company, Inc.
2. As a condition of this grant of authority, Purchaser shall assume the public utility obligations of Seller within the area served by the water system being transferred.
3. Within ten days after completion of the transfer, Purchaser 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. Purchaser shall either file a statement adopting the tariffs of Seller now on file with this Commission or refile under its 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 Purchaser, 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, Purchaser 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 SEP 25 1979, at San Francisco, California.

John E. Byron
President
William L. Sturgeon
Richard D. Swallow
Edward J. D. ...
Edward M. ...
Commissioners