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Decision No. 91735 MAY 6 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Coachella Valley)
County Water District to acquire the)
Mecca Water and Development Company.)

Application No. 59349
(Filed December 20, 1979)

O P I N I O N

This is a joint application, under the provisions of Section 851 of the California Public Utilities Code, of Clair S. Johnson, M.D. (Seller), dba Mecca Water and Development Company (Company), a sole proprietorship, to sell, and Coachella Valley County Water District (Purchaser) to acquire, all of the plant and facilities of Company.

Company provides meter rate water service to approximately 229 residential, commercial, and public facility customers and unmetered service to 16 fire hydrants in the community of Mecca, Riverside County.

A Certificate of Public Convenience and Necessity was granted Seller by Decision No. 37847, dated May 1, 1945, in Application No. 26558. There have been no decisions authorizing transfer of ownership of the system.

The plant and facilities are described in the application. They consist generally of two wells and a well site, pumps and motors, 130,800 gallons' storage, meters and services, and approximately 20,000 linear feet of 2" to 8" asbestos-cement pipe. The filed annual report as of December 31, 1978 shows original cost as \$86,373.17, depreciation of \$37,607.52 and net book cost of \$48,765.65. The selling price arrived at through negotiations between Seller and Purchaser is \$150,000.

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Seller desires to sell because he is unable to secure funding to improve the facilities, which are described as being inadequate to provide the minimum fire flow requirements in the community of Mecca.

Purchaser is a local governmental special district formed and operating under Section 31000, seq., of the California Water Code. Its boundaries include 637,491 acres in the State of California in an area known as the Coachella Valley, principally within Riverside County, with a portion in Imperial County and a small isolated portion in San Diego County. Its fields of service are importation and distribution of domestic water, waste water collection and reclamation, storm water protection, importation and distribution of irrigation water, irrigation drainage and water conservation. Purchaser desires to acquire Company as it has the expertise and financial resources to maintain and operate it effectively, it lies wholly within Purchaser's boundaries, and Purchaser is able to secure funds from the Department of Housing and Urban Development (HUD) which are not available to Seller. Such funds have been secured and are now in escrow awaiting acquisition approval by this Commission. They will be adequate for the purchase and for capital improvements which will improve fire protection in the community of Mecca. Purchaser presently has approximately 23,000 domestic water users, with facilities located approximately one-half mile south of Company's facilities.

The Board of Directors of the Coachella Valley County Water District on December 11, 1979, by Resolution No. 79-318, authorized the purchase. A copy of the Resolution was provided as Attachment 6 to the application.

Purchaser has advised the Commission staff, by telephone, that publication of a notice of the proposed purchase was made in a newspaper of general circulation on December 19, 1979 and in a second

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newspaper on February 21, 1979. A copy of each notice has been received. Additionally, the staff has received a copy of an individual notice mailed to each customer on January 29, 1980. All notices have been placed in the Commission file on this matter.

On February 19, 1980, the staff received a telephone call from Edward G. Luna, manager of the Mecca Sanitary District. He protested the sale and stated that the Mecca Sanitary District intended to request a public hearing on the application. The call was followed by a letter dated February 19, 1980 from Mr. Luna requesting that an additional period be allowed for individuals in the community to comment on the proposed transfer. In the ensuing period of over 30 days, no comments or protests from individuals were received.

On March 25, the staff received a declaration executed on March 8, 1980 by two directors of the Mecca Sanitary District stating that the District had no objection to the proposed transfer. Since there have been no formal requests for a public hearing, nor protests from individuals in the community, the staff believes that a public hearing is not necessary.

The Commission staff is of the opinion that there should be no further delay in this matter due to the lack of formal protest received. We concur in this opinion.

Purchaser advises, by letter received by the Commission staff on January 25, 1980, that its existing rates for water service will be charged present customers of Company upon completion of the transfer. These rates are reported by Purchaser to average 81% higher than the current rates of Company through the normal usage range, a minimum monthly consumption of 17.9 Ccf to maximum monthly consumption of 48.4 Ccf.

The Utilities Division staff has examined the application and has no objection to its approval.

Findings of Fact

1. Mecca Water and Development Company is a public water utility regulated by this Commission.
2. Coachella Valley County Water District is a local governmental special district formed and operating under Section 31000, seq., of the California Water Code.
3. Coachella Valley County Water District is an operating water utility with approximately 23,000 domestic water users.
4. Rates proposed to be charged present customers of Mecca Water and Development Company are those currently charged Purchaser's existing customers.
5. Capital improvements are proposed for the water system which will improve fire flow capacities.
6. The proposed transfer would not be adverse to the public interest.

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

Conclusions of Law

1. The application should be granted to the extent set forth in the following order.
2. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. On or before June 30, 1980, Clair S. Johnson, M.D., may sell and transfer the water system (and other assets) referred to in the application to Coachella Valley County Water District, according to the terms and conditions attached to the application.

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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.

3. As a condition of this grant of authority, Seller shall retain all liability for refunds of main extension advances and shall provide for or pay them when due in accordance with the terms of the agreement.

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 Purchaser 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 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 MAY 6 1980, at San Francisco, California.

John E. Byron President
Richard D. Howell
Clare J. DeLoach
Edward J. Quinn Commissioners