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Decision No. 91804 MAY 20 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Nicholls Warm Springs,  
a California Corporation, doing  
business as Mesa Verde Water Company,  
to sell a water system in the vicinity  
of Blythe, County of Riverside, to the  
County of Riverside.

Application No. 59282  
(Filed November 19, 1979)

O P I N I O N

Nicholls Warm Springs, a California corporation (Seller), the owner of a water system known as the Mesa Verde Water Company, requests an ex parte order authorizing the sale of the water system, under Section 851 of the California Public Utilities Code, to County Service Area No. 122 of the County of Riverside (Buyer).

Seller provides metered domestic water service to approximately 307 customers in and near the community of Mesa Verde, located seven miles west of Blythe, Riverside County.

Seller was incorporated on February 24, 1956 and has been engaged in developing and selling land and in providing water service to the lots it sold. In 1964, Edward J. Soehnel, Sr., became an officer in the corporation and took over management operations of the water system which was declared to be a public utility by Decision No. 69188, dated June 8, 1965, in Case No. 8132.

The water system plant consists of two wells with pumps, a reservoir, 22,950 linear feet of asbestos cement, polyvinyl chloride and steel pipe in sizes ranging from three inches to eight inches in diameter, miscellaneous valves, piping, fittings and equipment, two booster pumps, pump buildings and approximately 286 acres of land.

The original cost of the utility plant as of December 31, 1978 was \$137,220.14; depreciation reserve was \$100,615.04; net book cost was \$36,605.10. The sale price is \$50,000 in cash.

Decision No. 87195, dated April 12, 1977, in Application No. 56345, in granting a rate increase, also ordered Seller to refund all money collected after June 8, 1965, by Seller's land sales operation, known as Mesa Verde Development Company, from the water system's customers for meters and service connections. The amount collected is reported to be \$21,120, of which \$900 has been repaid. Seller proposes to repay the remainder and to refund any customer deposits on hand at the close of escrow from the proceeds of this sale.

Seller desires to sell company due to its inability to afford capital improvements necessary to upgrade the system to levels required by various governmental agencies. Seller believes the public interest will be served by the sale of the system to Buyer since Buyer will be in a better position to secure State and Federal grant money for the necessary improvement of the system. The application states there has been almost unanimous public support for the formation of the county service area, and that improvements estimated to cost \$413,100, recommended by an engineering firm retained by the County, will be made by Buyer.

Customers were notified of the proposed sale by individual mailings on February 7, 1980. No protests have been received.

Findings of Fact

1. The Mesa Verde Water Company is a water system owned by Nicholls Warm Springs, a California corporation, subject to the jurisdiction of this Commission.
2. Seller has entered into an agreement to sell the company to the County Service Area No. 122 of the County of Riverside.

3. Seller has collected money from its customers for meters and service connections and has been ordered by this Commission to refund these unauthorized collections in full.

4. Seller proposes to use proceeds of this sale to make refunds of the unauthorized collections and to repay any customer deposits outstanding on close of escrow.

5. Buyer intends to construct improvements to upgrade the water system.

6. Buyer, as a public agency, is in a better position than Seller to secure State and Federal grant money needed for current and future improvements to the water system.

7. Acquisition of the utility by Buyer would not be adverse to the public interest.

8. All customers have been notified of the subject application; no protests have been received.

9. The authorization granted herein shall not be construed as a finding of the value of the rights and properties authorized to be transferred.

Conclusions of Law

1. The application should be granted in accordance with the order which follows.

2. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1980, Nicholls Warm Springs may sell and transfer the water system and other assets referred to in the application to County Service Area No. 122 of the County of Riverside according to the terms and conditions attached to the application.

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2. Seller shall, within 30 days after close of escrow, refund all customers' deposits for the establishment of credit, if any, which remain unrefunded at the close of escrow.

3. Seller shall, within 30 days after close of escrow, complete refunding of money collected for meters and service connections.

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 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 shall be thirty days after the date hereof.

Dated MAY 20 1980, at San Francisco, California.

John E. Boyer  
 Resident

Vernon L. Sturgeon

Richard D. Gwathmey

Clair T. Delisle

James M. Terrell  
 Commissioners