

JUL 22 1981

ORIGINAL

Decision 93312

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of FRANKLIN DELANEY)
(as proposed transferor), and)
ORLEANS MUNICIPAL WATER COMPANY)
(as proposed transferee) to)
transfer water utility.)

Application 60400
(Filed March 27, 1981)

O P I N I O N

This is an application in which Franklin Delaney (Delaney) seeks authority to transfer his public utility water company to Orleans Municipal Water Company (Orleans).

The verified application avers that all of the present water users were notified and that substantially all of them have consented to the transfer. Notice of the application appeared in the Commission's Daily Calendar. There have been no protests to the application.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Delaney's water system is located in the City of Orleans, Humboldt County, California. It serves the Crawford Hills Subdivision. Delaney has 27 service connections: 24 residences and 3 fire hydrants. In 1980 he had gross revenues of \$1,152 and a net loss of \$903.13. The original cost of plant, less depreciation as of December 31, 1980, was \$10,467.
3. Orleans was founded for the purpose of taking over Delaney's water system. The articles of incorporation, Exhibit A to the application, indicate that the transferee is a municipal water company. However, paragraph 4 of the application stipulates that the corporation has been established and organized for the sole purpose of providing water service to its shareholders. This stipulation meets the standard definition of a mutual water company as distinguished from a municipal system.

4. The California Department of Corporations requires an application from the transferee for approval of the offer and sale of the issue of stock provided for in its articles of incorporation. The Department of Corporations, as of June 18, 1981, has not received such an application.

5. Delaney has agreed to transfer his water system, including plumbing equipment, water treatment equipment, reservoirs, tanks, water mains, hydrants, structures, and a State Health Department Water Supply Permit to Orleans at no cost.

6. The transfer of Delaney's public utility water corporation to Orleans would not be adverse to the public interest.

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

8. When the transferor is relieved of its public utility obligations, under the terms of the order which follows, the subsequent operations by the transferee will not be subject to the jurisdiction of this Commission.

Conclusion of Law

The application should be granted.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1981 Franklin Delaney may transfer the water system referred to in the application to Orleans Municipal Water Company according to the terms in the application, provided, however, that before December 31, 1981 transferee amends its articles of incorporation to provide that all property owners in the Crawford Hill Subdivision shall be eligible to be shareholders on a nondiscriminatory basis.

2. On or before the date of transfer, transferor shall refund any customer credit deposits which are subject to refund.

3. Transferee shall assume any liability for refunds of main extension advances.

4. Transferor and transferee shall, at least 30 days prior to the date of transfer, furnish this Commission with evidence that the California Department of Corporations has authorized the issue and sale of stock associated with this transfer.

5. Within 10 days after transfer, transferor shall write the Commission stating dates of transfer and deposit refunds, and date when transferee began operating the water system. A copy of the transfer documents shall be attached.

6. Upon compliance with this order, transferor shall be relieved of its public utility obligation to the transferred system.

The Executive Director of the Commission is directed to mail a copy of this order to the California Department of Corporations.

This order becomes effective 30 days from today.

Dated JUL 22 1981, at San Francisco, California.

Jed E. Bayne President
Richard W. Hagg
Fernando M. Jimenez
Victor Calvo
Frederick C. Yuen Commissioners