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Decision 96-01-025 January 24, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pat and Maria Mena,)
doing business as Central Water)
System, to sell and Angel and Aurora)
Gonzales to buy the water system in)
Tulare County.)

ORIGINAL
Application 95-06-051
(Filed June 27, 1995)

O P I N I O N

Statement of Facts

By Decision (D.) 54550 issued February 19, 1957, the Commission granted a certificate of public convenience and necessity to Jewell and Myrtle Pharis to operate a public utility water system already installed in an approximate 42-acre area in Tract 247 and vicinity located about 4 miles west of Strathmore, California in Tulare County. The Pharis were doing business as Central Water System (System). Their water system drew water from a deep well and distributed the water via a 3,000-gallon steel tank through about 1700 feet of 4-inch dipped and wrapped 12-gauge steel pipe to residential lots. The well and tank were located on a parcel of land part of Lot 11 of Riverview Tract as recorded in Book 8, page 64 of Maps in the County Recorder's office.

Over the years the system has changed ownership as authorized by D.80061 (May 1, 1972), D.89776 (December 19, 1978), D.85-12-025 (December 4, 1985), and D.92-09-035 (September 2, 1992). At present ownership is vested in Pat and Maria Mena. The Menas desire to dispose of the system as they are retiring. The applicant buyers of the system, Angel and Aurora Gonzales, live in nearby Porterville. The husband is self-employed, owning a restaurant and trucking business, and is interested in acquiring the system as a small investment. The buyers propose to adopt the presently filed tariffs of the sellers and agree to be bound by any outstanding Commission decisions and/or directives involving the

water system. There are no customer deposits, no main extension advances, and the system is represented as being in good condition. The selling price is \$6,500 cash. Buyers understand that rates will be based on the depreciated original cost of the plant, excluding contributed plant, and not on the purchase price. The buyer has introduced a personal financial statement which represents his net worth to be approximately \$193,000. Buyer will use existing repair arrangements.

An escrow agreement was entered by the parties on February 7, 1995 which provides for a closing by the "time limit date" of February 7, 1996 with provision for cancellation after that date. Customers have been notified of the proposed sale and notice was also included in the Commission's Daily Calendar of July 13, 1995. No protests have been received.

Discussion

There appears to be no reason why this application for a sale and transfer of the system should not be authorized. The sellers wish to retire; the buyers want to acquire a small investment opportunity and have the means to do so. The system is a small one in good condition and appropriate repair and maintenance arrangements presently in place will be continued. The buyers have small business experience and the price is reasonable.

Findings of Fact

1. System is a public utility water system within the jurisdiction of the Commission.
2. Sale and transfer of the system as proposed in the application would not be adverse to the public interest.
3. Time is of the essence with respect to this application.

Conclusions of Law

1. The application should be granted as provided in the order which follows.
2. To meet the escrow requirements, the order which follows should be made effective the day the order is signed.

3. A public hearing is not necessary.

ORDER

IT IS ORDERED that:

1. On or before June 1, 1996, Pat and Maria Mena may sell and transfer the water system assets, land, and business to Angel and Aurora Gonzales.

2. Within 10 days after consummation of the sale and transfer, the buyers shall notify the Commission in writing of the date on which the transfer was consummated. A true copy of the instrument effecting the sale and transfer shall be attached to the written notification.

3. The Menas shall make remittance to the Commission of the Public Utilities Commission Reimbursement Fees collected to the date of sale and transfer.

4. Upon completion of the sale and transfer authorized by this Commission order, and upon remittance to the Commission of the Public Utilities Commission Reimbursement Fees referred to in Ordering Paragraph 3 above, Pat and Maria Mena shall stand relieved of their public utility obligations in the area served by Central Water System.

5. Before the transfer occurs, sellers shall deliver to buyers and buyers shall retain, all records pertaining to the physical plant and operation of the water system.

6. The buyers shall either file a statement adopting sellers' tariffs or refile those tariffs under their own name as

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prescribed in General Order Series 96. Rates shall not be increased unless authorized by this Commission.

This order is effective today.

Dated January 24, 1996, at San Francisco, California.

P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

Commissioner Daniel Wm. Fessler is necessarily absent on official business.