

Mailed
NOV 26 1996

Decision 96-11-057 November 26, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Harrison L. Gibbs,)
doing business as Gibbs Ranch Water)
Company, to sell and Tuolumne)
Utilities District to buy the water)
system in Tuolumne County.)

Application 96-09-036
(Filed September 25, 1996)

Application of Harrison L. Gibbs,)
doing business as Gibbs Ranch Sewer)
Company, to sell and Tuolumne)
Utilities District to buy the sewer)
system in Tuolumne County.)

Application 96-09-037
(Filed September 25, 1996)

ORIGINAL

O P I N I O N

Summary of Decision

In this decision we approve two consolidated applications by Harrison L. Gibbs (Gibbs), doing business as, respectively, Gibbs Ranch Water Company and Gibbs Ranch Sewer Company, for authority to sell, and for Tuolumne Utilities District (District) to buy, those entities. We find that these transactions will not impair public service, that the new owner will perform adequately, and that the rates to be imposed by the new owner will be fair, reasonable, just, and nondiscriminatory.

Background

Gibbs is the owner of the water and sewer utilities which are the respective subjects of this consolidated proceeding. The District is a county water district organized under the California Water Code, and is empowered to operate water and sewer systems. It is the largest water and sewer purveyor in Tuolumne County, with approximately 9,700 water connections and 3,800 sewer connections encompassing the communities of Sonora and Columbia.

Gibbs filed separate applications for approval of sale of the two entities to the District pursuant to Sections 851 through 854 of the Public Utilities (PU) Code and pertinent provisions in our Rules of Practice and Procedure (Rules). The reason stated in each application for Gibbs' desire to dispose of the company is that the District can provide the same service as Gibbs at less monthly cost, and the reason given for the District's desire to buy the system is that the purchase complements the District's plans to consolidate water and sewer systems in the area for more efficient service. As the two applications present common questions of law and fact, the administrative law judge consolidated them pursuant to Rule 55. No protests have been filed.

We will approve the applications for the purchase and sale of both districts.

Findings of Fact

1. Applicant, individually or through his ownership of the seller corporations, is the owner and operator of Gibbs Ranch Water Company and Gibbs Ranch Sewer Company, utilities subject to the jurisdiction of this Commission.

2. Tuolumne Utilities District is a county water district organized under the California Water Code and empowered to operate water and sewer systems.

3. The water system of Gibbs Ranch Water Company consists of three tank sites, one headworks site, one well of 6-5/8" diameter and 127-foot depth, 12 pumps of 2 to 30 hp and 50 to 800 GPM capacity, certain water treatment equipment, four tanks with a total capacity of 666,000 gallons, 103,847 feet of water mains, 667 service connections, 65 fire hydrants, and certain other property and equipment.

4. The sewer system of Gibbs Ranch Sewer Company consists of three lift stations, 105 manholes, 5,673 feet of sewer mains, 571 service connections, and certain other equipment.

5. Applicant and Tuolumne Utilities District have entered into a written agreement (Agreement) under the terms of which the former will sell, and the latter will buy, the water system and the sewer system. Under the Agreement the price to be paid for the water system is \$700,000, and the price to be paid for the sewer system is \$250,000. An additional condition of the sale and transfer of each property is the approval of this Commission.

6. The original cost of the water system is \$1,094,662 and the depreciation reserve as of December 31, 1995 is \$402,307, resulting in a net book cost of \$692,355.

7. The original cost of the sewer system is \$476,653 and the depreciation reserve as of December 31, 1995 is \$180,237, resulting in a net book cost of \$296,416.

8. Consolidation of the Gibbs water and sewer systems with those of the District will promote efficiency in the provision of service to customers, and enable service to be provided at lower cost.

9. The sale and purchase of the systems pursuant to the Agreement will not impair public service.

10. The rates to be imposed by the District will be fair, reasonable, and nondiscriminatory.

Conclusion of Law

A.96-09-036 and A.96-09-037 should be approved, effective immediately.

ORDER

IT IS ORDERED that:

1. Applicant Harrison L. Gibbs, individually and in his capacity as owner and operator of Gibbs Ranch Water Company and Gibbs Ranch Sewer Company, is authorized, within 180 days after the effective date of this order, to sell and convey to Tuolumne Utilities District the property and equipment of the sellers

pursuant to the terms and conditions set forth in the written agreement between the sellers and the buyer, dated August 15, 1996.

2. Applicant shall notify the Commission in writing of the conveyance of the respective systems within 10 calendar days thereof. A true copy of the instrument effecting the sale and transfer shall be attached to the written notification.

3. Applicant shall ensure that provision is made for the return of any customer deposits when due, as warranted in the applications herein.

4. Upon completion of the sale and transfer and payment of any Public Utilities Reimbursement Fees collected to the date of the sale and transfer of the subject systems, sellers shall stand relieved of their public utility water service obligations.

5. Application (A.) 96-09-036 and A.96-09-037 are closed. This order is effective today.

Dated November 26, 1996, at San Francisco, California.

P. GREGORY CONLON
President
DANIEL Wm. FESSLER
JESSIE J. KNIGHT, JR.
JOSIAH L. NEEPER
Commissioners

Commissioner Henry M. Duque, being necessarily absent, did not participate.