

JUN 11 1997

Decision 97-06-030 June 11, 1997

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of application of)
 Jensen Water Company (U-374-W), a)
 California Public Utility)
 Corporation for Commission authority)
 to sell its water system to CABAZON)
 COUNTY WATER DISTRICT and to be)
 relieved of its public utility)
 responsibility.)

Application 97-01-036
(Filed January 21, 1997)

O P I N I O N

Summary

This order grants Jensen Water Company (Jensen) authority to sell its water system to Cabazon County Water District (District) and to be relieved of its public utility responsibility.

Background

Jensen was issued a certificate of public convenience and necessity to operate as a public utility water service provider by Decision (D.) 66945 and D.67500 in Application 45711. Its service area is located on eastern edge of San Geronio Pass in Riverside County. Jensen has 1,800 lots in its service area. It served approximately 400 connections at the end of 1996.

District is the primary supplier of water for domestic consumption and fire protection for the community of Cabazon. It was formed in 1954. Jensen's service area is within District's boundaries.

In January 1997, Jensen and District entered into an agreement (Agreement) for sale of Jensen's water system to District. A copy of the Agreement is attached to the application as Exhibit E-1.

In this application, Jensen seeks Commission approval of sale and transfer of its water system to District. Jensen also seeks Commission authority to be relieved of its public utility obligation.

According to the Agreement, District will pay Jensen \$400,000 for its water system assets. District will assume the obligation of providing water service to Jensen's customers.

Jensen requests that because the sale and transfer will not adversely affect the public, a public hearing be dispensed with and an ex parte order be issued.

Comments on the Proposed Transfer

Notice of the application appeared on the Commission's Daily Calendar on January 31, 1997.

No comments on the proposed transfer have been filed.

Discussion

Exhibit 3 attached to the application shows that Jensen's gross plant value of \$422,214 and a depreciation reserve of \$156,000 which results in a net book value of \$266,214 for Jensen's water system. With the sale price of \$400,000 for the system, Jensen will realize a gain on sale of \$133,786. However, the Commission in D.89-07-016 (Re Ratemaking Treatment on Capital Gains (Appendix A) 32 CPUC2d at pp. 240-244) stated that gain on sale of utility plant shall accrue to the shareholders to the extent that the remaining ratepayers are not adversely affected. In this situation, the entire Jensen system is being transferred and there will be no remaining ratepayers. Accordingly, the entire gain on sale will be retained by Jensen's shareholders.

There being no opposition to the proposed transfer, and the application in and of itself containing all the information necessary to process it, no purpose would be served by holding a hearing or by delay in accomplishing the transfer. Accordingly, we will proceed ex parte and issue an order approving the transfer effective immediately.

Findings of Fact

1. Jensen seeks Commission approval of sale and transfer of its water system assets to District.
2. No protest to this application has been filed.
3. The proposed transfer is not adverse to the public interest.
4. A public hearing is not necessary.

Conclusions of Law

1. The proposed transfer of Jensen's water system assets to District should be approved.
2. This order should be made effective immediately to enable District to acquire and operate the water system expeditiously.

O R D E R

IT IS ORDERED that:

1. Within six months of the effective date of this order, Jensen Water Company (Jensen) may transfer the water system designated in the application to Cabazon County Water District (District) in accordance with the Agreement for Sale included in Exhibit E-1 attached to the application.
2. Within 10 days after the transfer, Jensen shall write to the Commission stating the date of transfer and attach a copy of the transfer document.
3. Within 10 days of the transfer, Jensen shall remit to the Commission all user fees collected up to the time of transfer.

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

5. Since all issues in Application (A.) 97-01-036 have been addressed, the proceeding in A.97-01-036 is closed.

This order is effective today.

Dated June 11, 1997, at San Francisco, California.

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