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Decision 97-08-019 August 1, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of application of)
 Castle & Cooke California, Inc.,)
 doing business as The Sea Ranch)
 Water Company, to sell and)
 The Sea Ranch Association to buy)
 the water system in The Sea Ranch -)
 Sonoma County.)

Application 97-03-035
(Filed March 18, 1997)

ORIGINAL

OPINION

Summary

This order grants Castle & Cooke California, Inc. (seller), doing business as The Sea Ranch Water Company, authority to sell its water system to The Sea Ranch Association (buyer) and to be relieved of its public utility responsibility. Buyer and seller are jointly referred to as applicants.

Background

Seller was issued a certificate of public convenience and necessity to operate as a public utility water service provider by Decision (D.) 68910 dated April 20, 1956 in Application 47010. Its service area is located in or near the community of Sea Ranch in Sonoma County. Seller served 1474 customers as of November 30, 1996.

Seller was the developer of the community of Sea Ranch. Having completed the development, seller proposes to sell the water system to The Sea Ranch Association, a homeowners association. The water system is within the boundaries of property owned by members of The Sea Ranch Homeowners' Association.

According to applicants, present staff of seller will continue to operate the system. Applicants state that the General Manager of The Sea Ranch Association has experience in the operation of municipal water systems.

In February 1997, buyer and seller entered into an agreement (Agreement) for sale of seller's water system to buyer. A copy of the Agreement is attached to the application as Exhibit A.

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

According to the Agreement, buyer will pay seller \$650,000 for its water system assets. Buyer will assume the obligation of providing water service to seller's customers.

Applicants request 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 March 24, 1997.

No comments or protests on the proposed transfer have been filed.

Discussion

According to the applicants, original cost of system is \$3,252,938, depreciation reserve is \$468,100, contributions by the developer are \$2,451,464 yielding a rate base of \$333,374 which is less than the selling price of \$650,000. The difference of \$361,626 is agreeable to both buyer and seller.

Because buyer will adopt the presently approved tariffs of seller, ratepayers will not be adversely affected by the transfer of the system.

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. Seller seeks Commission approval of sale and transfer of its water system assets to buyer.
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 water system assets to buyer should be approved.
2. This order should be made effective immediately to enable buyer 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, Castle & Cooke California, Inc. (seller), doing business as the Sea Ranch Water Company, may transfer the water system designated in the application to the Sea Ranch Association (buyer) in accordance with the Agreement for Sale included in Exhibit A attached to the application.
2. Within 10 days after the transfer, seller 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, seller shall remit to the Commission all user fees collected up to the time of transfer.

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

5. Within 30 days of the transfer, buyer shall file its tariff schedules and service area map with the Commission. The filing shall be in accordance with Commission's General Order 96-A.

6. Since all issues in Application (A.) 97-03-035 have been addressed, A.97-03-035 is closed.

This order is effective today.

Dated August 1, 1997, at San Francisco, California.

P. GREGORY CONLON
President
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

I abstain.

/s/ JESSIE J. KNIGHT, JR.
Commissioner