

ALJ/AVG/gab

Mailed  
'OCT 22 1997

Decision 97-10-050 October 22, 1997

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of SULLIVAN LAND COMPANY, INC., a California corporation, doing business as SIERRA KING WATER COMPANY, to sell and SIERRA KING HOMEOWNERS ASSOCIATION, INC., a California nonprofit mutual benefit corporation, to buy the water system in the Three Rivers area of Tulare County.

Application 97-06-001  
(Filed June 03, 1997)

**ORIGINAL**

**O P I N I O N**

**Summary**

This order grants Sullivan Land Company, Inc. (seller), doing business as Sierra King Water Company, authority to sell its water system to Sierra King Homeowners Association (buyer) and relieves seller 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.) 69696 dated September 21, 1965, in Application 47647. Its service area is located five miles northeast of Three Rivers in Tulare County. The area is known as Sierra King Ranch. Seller currently serves 32 customers.

Applicants state that seller desires to dispose of the system because it is no longer producing any income and that the principal individual involved in operating the system, John Sullivan, is deceased. Applicants believe that buyer being the de facto operator of the system should have complete control over and responsibility for the system. According to applicants, buyer's officers and directors have operated the system for the last five years which demonstrates that buyer is qualified to operate the system.

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.

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.

According to the Agreement, buyer will pay seller the sum of one dollar (\$1.00) for the water system assets and a promissory note in an amount equal to the fees and expenses charged by Loverin Drilling and Pump Company and paid by seller for the drilling and installation of a new well and removal of the old well. The currently-estimated amount for replacement of the well is between \$12,500 and \$13,500. 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 June 4, 1997.

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

#### **Discussion**

Applicants state that the original cost of the property being transferred is unknown. According to seller's annual report, which is attached to the application as Appendix C, seller's net plant investment in the system as of September 30, 1996 was \$7,582. Also, according to seller's annual report, seller's net operating loss for the 12-month period ending September 30, 1996 was \$2,562. Accordingly, it can be seen that seller is willing to sell the system for a nominal sum of \$1.00 to avoid further losses.

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, Sullivan Land Company, Inc. (seller), doing business as Sierra King Water Company, may transfer the water system designated in the application to Sierra King Homeowners 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.

A.97-06-001 ALJ/AVG/gab

6. Since all issues in Application (A.) 97-06-001 have been addressed, A.97-06-001 is closed.

This order is effective today.

Dated October 22, 1997, at San Francisco, California.

P. GREGORY CONLON

President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners

A.97-06-001 ALJ/AVG/gab

6. Since all issues in Application (A.) 97-06-001 have been addressed, A.97-06-001 is closed.

This order is effective today.

Dated October 22, 1997, at San Francisco, California.

P. GREGORY CONLON

President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners