

DEC 16 1997

Decision 97-12-072 December 16, 1997

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Clint E. Kemp, doing business as West Water Co., to sell and Tom W. and Lorie Beth Johnson to buy the water system in Sonoma County.

Application 97-05-014
(Filed May 2, 1997)

OPINION

Summary of Decision

Application to transfer ownership of West Water Co. granted.

Discussion

West Water Co. is an 18-customer water utility located near Cloverdale, Sonoma County. This is an application of Clint E. Kemp to sell and Tom W. and Lorie Beth Johnson to buy West Water Co. According to the application Kemp wishes to retire. The utility is being sold in conjunction with other property also purchased from Kemp by the Johnsons.

The application is deficient in many respects. Because of this incomplete information the staff of the Water Division conducted a field investigation of the utility and spoke with the Johnsons. The result of this investigation is summarized in a memorandum to the assigned Administrative Law Judge dated October 14, 1997. A copy of this memo was furnished to the Johnsons. It will be marked as Attachment 1 and appended to this decision.

According to this memo the Johnsons purchased both the utility and a residence from Kemp and are now living in the residence. Kemp has departed from the area. Since December 1996 the Johnsons have been operating the system. The staff memo indicates that the Johnsons have been conscientious in their role of owners of a water utility and have been making system improvements. The records of the company had not been properly maintained, which is the reason that information contained in the application is not utilized in this decision. Staff indicates that the Johnsons are aware of this deficiency and are willing to work with the staff to correct this problem. There have

been no protests to the transfer. Based on the information in the staff memo we believe that the customers of West Water Co. will be better served by authorizing this transfer of ownership, despite the incomplete information in the application.

We must now address the fact that there has been a transfer of the utility ownership from Kemp to the Johnsons without approval of this Commission. We are cognizant of the mandate of Public Utilities Code Section 851 that requires prior authorization from this Commission before there may be transfer of ownership of a water utility, and that without such prior authorization the sale is void. However, Public Utilities Code Section 853(b) allows us to exempt a utility from Section 851 where there is a finding that conformance is "...not necessary in the public interest." Such is the situation here.

Findings of Fact

1. West Water Co. is a public utility water corporation operating in an unincorporated area of Sonoma County near Cloverdale.
2. Clint E. Kemp wishes to sell and Tom W. and Lorrie Beth Johnson wish to buy West Water Co.
3. The sale has already taken place and Kemp is no longer living in the area or taking responsibility for the system.
4. The application for sale and purchase is deficient in many regards.
5. A staff field investigation revealed that the Johnsons are currently operating the utility and making improvements to the system.
6. The staff investigation indicates a willingness on the part of the Johnsons to correct the recordkeeping deficiency of Kemp.
7. There have been no protests to the transfer of ownership.
8. The staff recommends that the Commission authorize the transfer of ownership to the Johnsons without a public hearing.

Conclusions of Law

1. Tom W. and Lorie Beth Johnson have the ability and will to operate West Water Co.

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2. The transfer of ownership of West Water Co. from Clint E. Kemp to Tom W. and Lorie Beth Johnson is in the public interest.

3. The provisions of Public Utilities Code Section 851 declaring a transfer void if made without prior authorization of this Commission should be waived, pursuant to Section 853(b).

4. The present rates and tariff provisions of West Water Co. shall continue in effect until changed by the Commission.

O R D E R

IT IS ORDERED that:

1. The certificate of public convenience and necessity to operate West Water Co. is transferred from Clint E. Kemp to Tom W. and Lorie Beth Johnson.
2. Applicants shall file an acceptance of this certificate within 30 days.
3. This docket is closed.

This order is effective today.

Dated December 16, 1997, at San Francisco, California.

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

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 14, 1997

A. 97-05-014

Sheldon Rosenthal
Administrative Law Judge
California Public Utilities Commission
505 Van Ness Avenue
SAN FRANCISCO CA 94102

This is in reference to Application of Clint E. Camp doing business as West Water Company to sell and Tom W. and Lorie Beth Johnson (Johnsons) to buy the water system in Sonoma County.

The Branch conducted an investigation involving telephone conversation with the seller's wife and a meeting with new owners, the Johnsons. During the field investigation of WWC, Branch staff members inspected the water system, discussed bookkeeping requirements and made the following determination:

1. West Water Company serves approximately 18 permanent residential flat rate customers in a small subdivision known as West's Tract, located along the bank of the Russian River approximately one mile north east of the City of Cloverdale, Sonoma County.
2. The sellers have moved out of the area and are no longer interested in running this water company.
3. The Johnsons bought the WWC, including the residence, in December 1996 and physically moved in to this residence. Since then the Johnsons have been operating the system without any customer complaints.
4. The Johnsons have been running this small water system in a conscientious manner. Further, they are in the process of making the pump area safer by building a shed and installing four small water storage tanks inside this shed. The distribution system is undersized, but buyers are making concentrated effort to upgrade the water system.
5. To further improve the water pressure at the end of the main line, the Johnsons plan to upgrade the existing one H.P. 20 GPM pump with a two H.P. 30 GPM pump.
6. WWC's water meets all applicable primary and secondary drinking water health standards of State Department of Health Services.

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7. The Branch is aware that this utility has not kept records as required by the Uniform System of Accounts, however the buyers are willing to work with the commission staff to correct this problem.

Even though the application offers incomplete information, the Branch investigation indicates that the request for transfer of the water system be granted ex-parte, and to allow WWC to charge its customers the present Commission authorized rates.

Very truly yours


Jasjit S. Sekhon, Project Manager
Water Division

cc: Tom W. And Lorie Beth Johnson
West Water Company

(END OF ATTACHMENT 1)