

WATER/DON

**Mailed 5/25/00**

Decision 00-05-037 May 18, 2000

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

Application of BUD PELTONEN dba	)	
BIG LAGOON WATER COMPANY to sell	)	
And BIG LAGOON COMMUNITY SERVICES	)	Application No. 00-01-002
DISTRICT to buy the water system in Big	)	(Filed January 4, 2000)
Lagoon, Humboldt County	)	
	)	

**OPINION**

**Summary**

This Decision grants the authority requested by Bud Peltonen dba Big Lagoon Water Company (BLWC) in Application 00-01-002 (Application) to sell its water system to Big Lagoon Community Services District (BLCSD).

BLWC requests authority, pursuant to Sections 851 through 854 of the California Public Utilities Code and Rules 1 through 7, 15, 35, 36, 45 through 48 and 88 of the Commission's Rules of Practice and Procedure for authority to transfer the water system.

**Background**

BLWC is a private investor owned water utility regulated by the California Public Utilities Commission (CPUC). It operates a water system in the area described as Big Lagoon in or near the community of Trinidad, Humboldt County, serving approximately 35 customers. Authority to acquire the system was granted to the present owner by D.84-12-041 dated December 19, 1984 in A.84-01-68 filed on January 31, 1984. The owner of BLWC desires to dispose of the system because he wishes to retire.

BLCSD is a duly organized public agency in the State of California and desires to acquire the system because it wishes to upgrade the quality of service.

On August 3, 1999 seller, and on August 19, 1999 buyer, executed a Purchase Agreement to transfer the water system from seller to buyer for a cash amount of \$75,000.

**Discussion**

Resolution W-4083 dated December 16, 1997 determined that BLWC had charged unauthorized connection fees to three of its customers. In anticipation of sale of the water system to BLCSD, the Commission in ordering paragraphs 3 and 4 of Resolution W-4083 stated:

3. Big Lagoon Water Company shall reimburse each of three customers as acknowledged by BLWC and Branch for unauthorized service connection charges. Reimbursements are to be at \$300 semi-annually with first payments due six months after the effective date of this resolution, and subsequent payments due every six months thereafter until the total required reimbursement has been completed.
4. Before a sale of Big Lagoon Water Company to a Community Services District is authorized, Big Lagoon shall be required to set aside money in an escrow account for reimbursement of the balance owed those ratepayers who were charged connection fees without Commission authorization.

The escrow instructions attached to the application instruct the escrow agent to pay off the above unpaid ordered amounts and all outstanding Public Utilities Reimbursement Fees collected up to the date of consummated sale and transfer of the water system.

Our staff contacted both the State and the local health agencies and neither voiced any objection to the transfer.

BLCSD, as a governmental entity, is not subject to the jurisdiction of the Commission. It is the intention of BLCSD to operate and maintain the water system with the lowest rates possible consistent with providing reliable service to the community.

**Public Notice**

A notice of the proposed transfer of ownership was mailed to all customers on March 22, 2000. No protests have been received.

**Findings of Fact**

1. Big Lagoon Water Company desires to sell its water system to Big Lagoon Community Service District, which desires to buy the system and continue its operation.
2. Buyer is a duly organized public water district possessing the ability necessary to operate the water system.
3. Notice of the filing of the Application appeared on the Commission's Daily Calendar on January 6, 2000. There is no known opposition to the Application.
4. A notice of the proposed transfer of ownership was mailed to all customers on March 22, 2000. No protests have been received.
5. This order should become effective immediately as seller and buyer have completed all elements of the transaction save for the Commission's approval and the parties wish for buyer to assume operation of the water system as soon as possible.

**Conclusions of Law**

1. Big Lagoon Community Services District has the legal capacity to acquire Big Lagoon Water Company.
2. The acquisition of ownership and control of Big Lagoon Water Company by Big Lagoon Community Services District is in the public interest.
3. A public hearing is not necessary.
4. Authority to transfer should be conditioned on (a) payment of the CPUC User Fees up to the date of transfer of ownership, and (b) payment of unauthorized service connection charges ordered by Resolution W-4083 and incorporated in the escrow instructions attached to the Application.
5. The following order should be effective on the date of signature.

**ORDER**

**IT IS ORDERED** that:

1. Big Lagoon Water Company is authorized to transfer its water system to Big Lagoon Community Services District in accordance with the terms of agreement of sale attached to the application.
2. Big Lagoon Water Company shall remit all CPUC Users Fees collected to the date of transfer of ownership of the water system.
3. Big Lagoon Water Company shall refund all unauthorized service connection charges required by Resolution W-4083 as incorporated in escrow instructions attached to the application and notify the Commission when refunds are complete.
4. Within ten (10) days after the transfer, seller shall write a letter to the Commission notifying it of the transfer and submitting an executed copy of the transfer document(s).
5. Upon compliance with this order, seller shall be relieved of its public utility obligation and the certificate of public convenience and necessity canceled.
6. Application 00-01-002 is closed.

This order is effective today.

Dated May 18,2000, at San Francisco, California.

LORETTA M. LYNCH  
President  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
JOEL Z. HYATT  
CARL W. WOOD  
Commissioners