

LBM

Decision No. 24240

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
J. D. WHITENER,
for permission to sell and transfer
Lorenzo Water Works.

Application No. 17382

Bert B. Snyder, attorney for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

In this application J. D. Whitener, owning and operating a public utility under the fictitious firm name and style of Lorenzo Water Works in the Town of Boulder Creek, Santa Cruz County, requests permission to sell said utility to one E. K. Booth.

A public hearing in this matter was held before Examiner Johnson at Boulder Creek.

This utility now serves a small portion of the Town of Boulder Creek and was originally owned and operated by one Isaiah Hartman, who sold it to the present owner, J. D. Whitener, in August, 1930.

The evidence shows that said Whitener desires to sell the water works to E.K.Booth for the sum of \$10,000.00 and that as a first payment down Booth proposes to assign to Whitener a promissory note for \$2,500.00 secured by the assignment of a \$5,000.00 note and deed of trust executed by Clara Berg. To secure payment of the remaining \$7,500.00, Booth intends to execute a promissory note for said amount in favor of Whitener, to be paid off at the rate of \$300.00 plus

interest at seven percent every three months.

Applicants introduced no evidence showing the cost or value of the properties referred to in this application, except the statement by said Whitener that he had purchased the utility from Isaiah Hartman for the sum of \$10,000.00. An appraisal of the properties was made on September 25, 1931, by one of the Commission's engineers, which shows the estimated original cost of the physical properties to be \$5,157.00, with an accrued depreciation computed by the five (5) percent sinking fund method of \$1,333.67, leaving a depreciated cost of \$3,823.33. This appraisal allows the utility \$500.00 for "water rights, rights of way and certain rights above the points of diversion on Peery Creek and Molasky Creek necessary to protect the source of supply", as stated in the Commission's Decision No. 2836, dated October 23, 1915.

The annual financial statements filed with the Commission by the utility show the total annual revenues and operating expenses for the years 1928, 1929 and 1930 to be as follows:

	1928	:	1929	:	1930
<u>REVENUES:</u>					
From sale of water	\$1,495.95	:	\$1,460.00	:	\$ 1,430.00
Total revenue.....	\$1,495.95	:	\$1,460.00	:	\$ 1,430.00
<u>EXPENSES:</u>					
Labor and repairs to water system.....	516.00	:	546.00	:	261.95
Salaries and office expense	-	:	-	:	35.00
Taxes	36.40	:	37.80	:	69.65
Other expenses.....	120.00	:	120.00	:	359.00
Total expenses.....	\$ 672.40	:	\$ 703.80	:	\$ 725.60*

*Period from Jan.1 to July 1, reported by Isaiah Hartman
 " " July 1 to Jan.1, " " J. D. Whitener

Considering the original cost of the properties, such cost depreciated and the revenues and expenses of the utility, we feel that the consideration which it is proposed to pay for the aforesaid properties is excessive. The record does not show that the purchaser has

sufficient financial resources to pay the purchase price, make the necessary repairs on the system and operate the same. Under the circumstances we do not believe that the transfer of the properties is in the public interest and therefore it seems to us that the application should be denied without prejudice.

O R D E R

Application having been made to this Commission, as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission having considered the evidence in this proceeding and being of the opinion that the application should be denied without prejudice for the reasons set forth in the foregoing opinion,

IT IS HEREBY ORDERED, that this application be, and it is hereby, denied without prejudice.

DATED at San Francisco, California, this 23^d day of November, 1931.

C. L. Stearns
Leon White
W. J. Carr
W. B. Hamlin
Fred G. Stewart
Commissioners.