

ORIGINAL

Decision No. 40527

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
A. J. CAIN, doing business as THE	:	
UTILITIES COMPANY OF NOVATO, CALIFORNIA,)	Application
to Sell, and ALBERT H. TRESCH to purchase,	:	No. 28536
the WATER DEPARTMENT of THE UTILITIES COM-)	
PANY OF NOVATO, California.	:	
-----)	

OPINION AND ORDER

A. J. Cain, doing business under the firm name and style of The Utilities Company, is engaged in the business of selling and distributing water and of operating a telephone service in and about Novato, Marin County.

In this application Mr. Cain reports that it is the advice of his physician that he relieve himself of part of the burden of operating the company and that accordingly he has entered into an agreement, dated June 10, 1947, to sell the water department properties to Albert H. Tresch and Catherine Tresch, his wife, for the sum of \$50,000 of which sum \$10,000 has been delivered as a down payment and \$40,000 will be represented by a note to be dated May 1, 1947, to fall due on June 1, 1954, and to bear interest at the rate of 5% per annum on the unpaid balances. The payment of the note will be secured by a chattel mortgage and by a deed of trust. In addition, the buyers have agreed to assume and be responsible for the repayment of consumers' advances.

A review of financial statements filed with the Commission by A. J. Cain indicates that his reported investment in the water properties as of April 30, 1947, amounted to \$87,407.00 with a depreciation reserve, calculated on straight line basis, of \$36,943.59. The reports show operating revenues from the water system of \$12,856.39 in 1945, of \$14,196.85 in 1946, and of \$4,574.87 for the first four months of 1947, with an operating profit of \$2,437.89 in 1946 and of \$1,114.12 for the first four months of 1947. Water service is given to approximately 475 consumers.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. A. J. Cain, after the effective date hereof and on or before October 31, 1947, may sell and transfer to Albert H. Tresch, the water system referred to herein, said sale and transfer to be in accordance with the agreement of sale dated June 10, 1947.
2. Albert H. Tresch, after the effective date hereof and on or before October 31, 1947, in part payment for such water system, may execute a mortgage of chattels and a deed of trust in,

or substantially in, the same form as those filed in this proceeding, and may issue a note in the principal amount of \$40,000 dated May 1, 1947, due June 1, 1954, with interest at the rate of 5% per annum.

3. Albert H. Tresch shall adopt as his own the rates, rules and regulations now on file with the Commission applying to service given by the water system herein authorized to be transferred, and shall assume the payments of advances and deposits which consumers are entitled to have refunded under such rates, rules and regulations.

4. A. J. Cain shall file with the Commission on or before November 30, 1947, a certified copy of each instrument executed to convey said system to Albert H. Tresch, and a statement indicating the exact date upon which he relinquished control of said system.

5. The authority herein granted is not to be construed to be a finding of value of the properties herein authorized to be transferred.

6. The authority herein granted will become effective when Albert H. Tresch has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Forty (\$40.00) Dollars.

Dated at San Francisco, California, this 22nd day
of July, 1947.

Harold Hills
Justice J. C. ...
Chas. Powell
[Signature]

Commissioners

