

ORIGINAL

Decision No. 44039

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of)
 A. RUSSEL GALLAWAY, JR., doing)
 business as SUTTERVILLE PARK)
 WATER COMPANY)
 for an order authorizing him to)
 sell and transfer utility prop-)
 erty.)
 -----)

Application
No. 31298

O P I N I O N

A. Russel Gallaway, Jr., applicant herein, doing business under the firm name and style of Sutterville Park Water Company, is engaged in supplying domestic water to consumers immediately south of the City of Sacramento, in an area generally bounded by Sutterville Road on the north, the Western Pacific right-of-way on the east, the north line of the Municipal Airport on the south, and the Southern Pacific right-of-way on the west.⁽¹⁾ In this application, he seeks permission to sell his water system to the City of Sacramento, transfer of the system and delivery of possession to be made as of the close of business June 30, 1950.

The City of Sacramento is supplying domestic water to consumers south of its city limits, and desires to acquire applicant's system for the purpose of integrating it with its own present service, it being contemplated, according to the application,

(1) In his 1948 annual report, applicant reports the cost of his system at \$145,572 and operating revenues at \$4,928, with service to 691 consumers.

that substantial portions of the area served by applicant will be annexed to the city in the near future and that the city's obligation with respect to domestic water service in the area so annexed would require a substantially higher financial outlay than will be the case if applicant's system is acquired at this time.

The agreed consideration for the transfer of the system is the sum of \$121,000, payable in ten consecutive annual installments of \$12,100 beginning on July 1, 1951, with interest at the rate of 4% per annum, all of said installments, together with interest, to be payable by the city out of the revenues to be derived by it from the operation of the water system. The agreement of sale, dated April 6, 1950, provides that the system shall be transferred by applicant free and clear of any liens or encumbrances, except taxes for the fiscal year 1950-51 and the obligation of applicant to repay out of revenues certain donations in aid of construction as set forth more fully in said agreement, which obligation the city agrees to assume and pay.

O R D E R

The Commission having considered the above entitled application and being of the opinion that a public hearing is not necessary, that the proposed transfer will not be adverse to the public interest, and that the request of applicant should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. A. Russel Gallaway, Jr., after the effective date hereof and on or before July 1, 1950, may transfer his water system,

known as the Sutterville Park Water Company, to the City of Sacramento, such transfer to be made under and pursuant to the agreement dated April 6, 1950, filed in this proceeding as Exhibit B.

2. The action taken herein shall not be construed to be a finding of value of the water system herein authorized to be transferred.

3. A. Russel Gallaway, Jr., on or before the date of actual transfer of the water system under the authority herein granted, shall refund all deposits, if any, which customers are entitled to have refunded.

4. A. Russel Gallaway, Jr., within thirty (30) days after the transfer of the water system under the authority herein granted, shall notify the Commission in writing of the completion of such transfer, and of his compliance with the terms of this order.

5. This order will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 18th day of April, 1950.

R. B. Anderson
Arthur J. Cassler
Robert H. Russell
Harold P. Kelly
Samuel H. Potter
Commissioners