

ORIGINAL

Decision No. 44508

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of MOUNTAIN PROPERTIES, INC., a California corporation, and ARVIN RICHARDSON, dba Mesa Acres Water Company, to transfer a public utilities water system.

Application No. 31512

OPINION AND ORDER

Arvin Richardson, owner and operator of a public utility water system known as Mesa Acres Water Company near Bakersfield, Kern County, on June 17, 1950, applied for authority to sell and transfer the said public utility water system to Mountain Properties, Inc., a California corporation engaged in the operation of public utility water systems in Southern California, which joins in the application, in accordance with the terms and conditions of the agreement executed by the applicants herein, a copy of which is attached to the application and marked Exhibit "A."

By the Commission's Decision No. 33107, dated May 21, 1940, in Application No. 22757, applicant Arvin Richardson was granted a certificate of public convenience and necessity to operate a public utility under the firm name and style of Mesa Acres Water Company for the sale and distribution of water within certain territory comprising portions of Sections 25, 26, 35, and 36, Township 29 South, Range 28 East, M.D.B. & M., located about 5 miles east of the City of Bakersfield. Since that time Arvin Richardson has owned and operated and is now operating the water system supplying the area described above.

The agreement dated June 1, 1950, between Arvin Richardson, referred to as seller, and Mountain Properties, referred to as buyer,

provides for the transfer from seller to buyer of all of the fixed capital assets and the certificate of public convenience and necessity pertaining to seller's public utility water system. The total sales price set forth in the agreement is the net amount of the fixed capital accounts as of December 31, 1949, less the reserve for depreciation, and less the consumers' advances, Account 28A, all as shown in the 1949 annual report of the said water system filed with the Commission; and plus the net additions to fixed capital of the water system installed from December 31, 1949 to the date of the actual transfer of said water system, less depreciation to June 1, 1950, and less consumers' advances, Account 28A, from December 31, 1949, to June 1, 1950. Of the total sales price, the buyer is to pay seller in cash for the additional fixed capital installed since December 31, 1949, plus \$30,000 and the balance is to be paid in shares of buyer's preferred cumulative 6% capital stock, the authority for the issuance of which has been requested by applicant, Mountain Properties, Inc., in Application No. 31494, and which authority is contained in a decision of this Commission of concurrent date.

The annual report of Mesa Acres Water Company for 1949 shows operating revenues of \$26,756.56 and operating expenses of \$20,563.73, leaving a net operating revenue for the year of \$6,192.83. At the end of the year there were 781 active service connections, of which 674 were metered. The total fixed capital in service as of December 31, 1949, was reported as \$160,853.51, the reserve for accrued depreciation as \$26,306.52, and the consumers' advances for construction as \$25,898.71. Deducting the latter two amounts leaves \$108,648.28 as the net investment in fixed capital as of December 31, 1949.

An investigation having been made, and it appearing to the Commission that the proposed transfer will not be adverse to the public interest, that a public hearing is not necessary herein, and

that the application should be granted in so far as the operative property of the public utility is concerned, subject to certain conditions, now, therefore,

IT IS HEREBY ORDERED that Arvin Richardson, doing business as Mesa Acres Water Company, on or after the effective date hereof, and on or before September 1, 1950, may sell and transfer the herein described public utility property, together with the certificate of public convenience and necessity pertaining thereto, to Mountain Properties, Inc., pursuant to the agreement embodied in the said application, subject to the following conditions:

1. That, if the authority herein granted is exercised, Arvin Richardson within thirty (30) days thereafter, shall file with this Commission a certified copy of the final instrument of conveyance and also a written statement indicating the date on which control and possession of said water system were relinquished.
2. That on or before the date of actual transfer, Arvin Richardson shall refund all deposits which customers are entitled to have refunded; that any unrefunded deposits shall be transferred to and become the obligation for refund of Mountain Properties Inc., and that Arvin Richardson shall file with this Commission within thirty (30) days after date of transfer, a written statement showing the disposition of any such deposits, or that no deposits existed.
3. That upon compliance with the above paragraphs 1 and 2 of this order of the Commission, said Arvin Richardson shall be relieved of all public utility obligations and liabilities in connection with said system.
4. That the rates of Mesa Acres Water Company, now legally on file with this Commission shall be refiled, within thirty (30) days from the date of transfer by and under the name of Mountain Properties, Inc., in accordance with procedure prescribed by General Order No. 96, or in lieu of such refiled, applicant may file a notice of adoption of said presently filed rates. No increases in the present lawfully filed rates shall be made unless otherwise properly authorized by this Commission.

5. That Mountain Properties Inc., within thirty (30) days from the date of transfer, shall file with this Commission four sets of rules and regulations governing customer relations in the Mesa Acres area, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon by distinctive markings the boundary of applicant's present Mesa Acres service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or portion thereof.
6. That Mountain Properties, Inc., within thirty (30) days from the date of transfer, shall file four copies of a comprehensive map drawn to an indicated scale of not less than 400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served by the Mesa Acres System.
7. That the action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 11th day of July, 1950.

A. Z. Indurain
Justus F. Culler
Walter D. Powell
Harold P. Auld
Penelope Lott
Commissioners.