

Decision No. 45464

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
RAYMOND R. McDONALD and LAVERNE
McDONALD to sell, and ALWIN O.
FITTJE and MARGURETTE FITTJE, to
purchase the public utility water
system known as BIOLA WATER CO.;
and for authority of purchasers
to execute a note and trust deed
for part of the purchase price of
said utility.

Application
No. 32138

O P I N I O N

This application shows that Raymond R. McDonald and LaVerne McDonald, hereinafter referred to as Sellers, are engaged in the business of operating a small public utility water system serving approximately 140 consumers in and about Biola, Fresno County. ⁽¹⁾ They report that they intend to move from Biola and that they have made arrangements, and in this application ask permission, to sell their water system to Alwin O. Fittje and Margurette Fittje, hereinafter referred to as Purchasers.

The agreed consideration to be paid for said water system and certain other real property and improvements is \$27,750 of which \$15,000 is said to represent the amount which applicants have allocated to the public utility properties and operative rights and \$12,750 the amount they have allocated to

(1) For the year ended December 31, 1950, Sellers report operating revenues from water utility operations at \$3,325, operating expenses at \$1,847, and net operating revenue at \$1,478, before provision for federal income taxes.

the non utility real property and improvements which are included in the transaction. The \$27,750 agreed consideration will be financed through a cash payment of \$20,000 and the issuance by the Purchasers of a promissory note in the principal amount of \$7,750. The proposed note will be payable in monthly installments of \$100 or more with interest on deferred balances at the rate of 6% per annum. Its payment will be secured by a deed of trust. A copy of the proposed note and a copy of the proposed deed of trust are attached to the application as Exhibit B.

The properties to be transferred include a certificate of public convenience and necessity originally granted by the Commission by Decision No. 10112, dated February 20, 1922, and transferred to the present owners pursuant to authority granted by Decision No. 44295, dated June 13, 1950, together with approximately 12,400 feet of mains, a well approximately 108 feet deep equipped with a 10 H.P. pump, and a 1,500 gallon pressure tank. The real property included in the proposed transfer consists of lots 1, 2, and 3, the east 4 feet of lot 4, and all of lot 5 except the north 110 feet thereof, and all of lots 27 and 28 in block 48 of Biola. The property which is a part of the water system is a portion of said lot 5.

A review of the application indicates that the proposed transfer will not be adverse to the public interest and that an order authorizing such transfer should be entered.

The certificate of public convenience and necessity herein authorized to be transferred is subject to the provisions of the law that the Commission shall have no power to authorize the capitalization of the certificate or the right to own, operate, or enjoy such certificate in excess of the amount (exclusive of

any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

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

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Raymond R. McDonald and LaVerne McDonald, after the effective date hereof and on or before July 31, 1951, may sell to Alwin O. Fittje and Margurette Fittje the certificate of public convenience and necessity and the public utility water system referred to in this application under the terms and conditions set forth therein.

2. Alwin O. Fittje and Margurette Fittje, after the effective date hereof and on or before July 31, 1951, may execute a deed of trust and issue a note in the principal amount of not exceeding \$7,750, for the purpose of financing, in part, the cost

of acquiring the water system referred to in the opinion. The note and deed of trust shall be in, or substantially in, the same form as those attached to the application as Exhibit B.

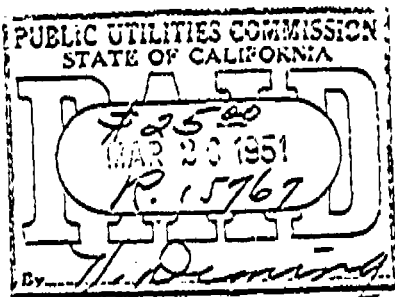
3. The rates, rules and regulations of Raymond R. McDonald and La Verne McDonald, now legally on file with the Commission, shall be refiled within thirty days after the date of transfer under the name of Alwin O. Fittje and Margurette Fittje in accordance with the procedure prescribed by General Order No. 96, or in lieu of such refiling, said Alwin O. Fittje and Margurette Fittje may file a notice of adoption of said presently filed rates, rules and regulations. No increase in the present rates, rules and regulations shall be made unless otherwise properly authorized by the Commission.

4. On or before the date of actual transfer, Raymond R. McDonald and La Verne McDonald shall refund all deposits which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and become the obligations of Alwin O. Fittje and Margurette Fittje.

5. If the authority herein granted is exercised, Alwin O. Fittje and Margurette Fittje, within thirty days after the date of acquisition of said water system, shall file with the Commission a copy of each deed of conveyance for said system, a statement indicating the exact date upon which they commenced operating said system and a statement showing the amount of deposits, if any, turned over to them for refund to customers. Alwin O. Fittje and Margurette Fittje shall file a copy of the promissory note and deed of trust as actually executed within thirty days after the dates thereof.

6. The authority herein granted will become effective when Alwin O. Fittje and Margurette Fittje have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00.

Dated at San Francisco, California, this 20th day of March 1951.



R. F. Anderson
Justus J. Calver
Samuel H. Potts
John E. McCall

Commissioners