

ORIGINAL

Decision No. 45742

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Giulio and Norma Sarto)	
to sell and the Monterey Bay Water)	
Company to purchase the public utility)	Application No. 33013
water system known as Seacliff Water)	
Works and for authority of the pur-)	
chasers to execute a deed of trust)	

OPINION AND ORDER

In this application, filed December 24, 1951, Giulio and Norma Sarto (Seacliff Water Works) seek authority to sell their public utility water system to James A. Harris, Jr., and Ethel W. Cooper, copartners operating as the Monterey Bay Water Company, who join in the application. The purchasers also request authority to issue their note for \$30,000 and execute a deed of trust to secure the payment thereof.

Giulio Sarto and Norma Sarto state that the water works has been operated by Louis C. Sarto, their son, who has been inducted into the Armed Forces of the United States, and that they do not believe themselves capable of physically operating the water system, for which reason they desire to sell the properties.

James A. Harris, Jr., and Ethel W. Cooper, copartners, operate water works serving the incorporated city of Capitola, the communities of Opal Cliffs, Soquel, Aptos and Rio Del Mar, and other unincorporated areas between Santa Cruz and Watsonville in Santa Cruz County. In order to provide a continuous service area, these applicants desire to acquire the system known as the Seacliff Water Works which serves the territory between and separating their two principal service areas, namely the Soquel-Capitola and the Aptos-Rio Del Mar regions. Purchasers, in financial statements

filed in connection with this application, report their net worth in the water business operated under the name of the Monterey Bay Water Company at \$263,320, as of July 31, 1951, and their total operating revenues at \$34,765 and net operating revenues at \$5,366 for the first seven months of 1951, with service to 2,075 consumers at the beginning of the year.

Until such time as the development warrants a consolidation and interconnection of the systems, applicants Harris and Cooper propose to operate the Seacliff Water Works as a separate system, to be known as the Seacliff Division, under the present rates, rules and regulations applicable to the territory served by this system.

The properties proposed to be transferred include all of the wells, pumps, pump houses, tanks, distribution mains, land and rights of way, used and useful in the operation of the Seacliff Water Works. Sellers, in their 1950 annual report to the Commission, reported their net worth in the water business at \$42,721.85, as of December 31, 1950, their total operating revenues at \$10,239 and net operating revenues at \$2,013 for the calendar year 1950, with service to 354 consumers at the end of the year. The purchase price is \$42,500 of which \$12,500 is to be paid in cash. Purchasers will issue a note for the remaining \$30,000 which note will be payable in annual installments of \$10,000 or more, with interest at the rate of 6% per annum, and will be secured by a deed of trust covering the properties to be transferred.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the proposed transfer will not be adverse to the public interest, that the application should be granted, and that the money, property or labor to be procured or paid for through the issuance of said note

is reasonably required for the purpose herein stated, 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. Giulio Sarto and Norma Sarto, his wife, on or after the effective date hereof, and on or before April 30, 1952, may sell and transfer to James A. Harris, Jr., and Ethel W. Cooper, copartners, doing business as Monterey Bay Water Company, the public utility water properties referred to herein, known as Seacliff Water Works, and more particularly described in the application.
2. James A. Harris, Jr., and Ethel W. Cooper, after the effective date hereof and on or before April 30, 1952, may issue a note for \$30,000 and execute a deed of trust to secure payment thereof, in substantially the same form as those filed in this proceeding as Exhibit A attached to the application.
3. The action taken herein shall not be construed to be a finding of the value of the properties authorized to be transferred.
4. Giulio Sarto and Norma Sarto shall file with the Commission, on or before April 30, 1952, a certified copy of each instrument executed to convey said water works to James A. Harris, Jr., and Ethel W. Cooper, and a statement indicating the date upon which they relinquished control of said properties.
5. The rates, rules and regulations of Giulio Sarto and Norma Sarto, now legally on file with this Commission, shall be refiled, within thirty (30) days from the date of transfer, under the names of James A. Harris, Jr., and Ethel W. Cooper, in accordance with the procedure prescribed by General Order No. 96, or in lieu of such refiled, James A. Harris, Jr., and Ethel W. Cooper may file in quadruplicate a notice of adoption of said presently filed rates, rules and regulations as applicable to the operations of the Seacliff Division of the Monterey Bay Water Company. No increases in the presently lawfully filed rates shall be made unless authorized by this Commission.
6. On or before the date of actual transfer, Giulio Sarto and Norma Sarto shall refund all deposits which customers are entitled to have refunded, any unrefunded deposits to be transferred to, and become the obligation for refund by James A. Harris, Jr., and Ethel W. Cooper.
7. James A. Harris, Jr., and Ethel W. Cooper, on or before April 30, 1952, shall file with the Commission a report of the issuance of the note as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

8. The authority herein granted will become effective when James A. Harris, Jr., and Ethel W. Cooper shall have paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is thirty dollars (\$30.00).

Dated at San Francisco, California, this 13th day of February, 1952.

R. T. [Signature]
President.

Justice F. [Signature]

Harold P. [Signature]

Wm. H. [Signature]

John L. [Signature]
Commissioners.

