A.33729 MMW

Decision No.47761

- BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Thomas M. Erwin, Executor of the Estate of Roy E. Rankin, Deceased, doing business under the firm name of Roy Rankin Water Service, to sell

and

Application No. 33729

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San Gabriel Valley Water Company, a corporation, to purchase, the water system of said seller.

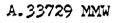
## OPINION

This is an application for an order authorizing Thomas M. Erwin, Executor of the Estate of Roy E. Rankin, Deceased, doing business as Roy Rankin Water Service, for authority to transfer public utility water properties to San Gabriel Valley Water Company.

According to information on file with the Commission, the system of the Roy Rankin Water Service supplies water, primarily for domestic purposes, to approximately 500 consumers in unincorporated territory in Los Angeles Aabout two miles east of El Monte. At the close of 1951, as shown by the annual report of operations, the properties included three wells, five metal storage tanks, and approximately 41,700 feet of pipeline, together with meters and services. The operating revenues for 1951 were reported at \$13,717.29 and the net operating revenues at \$5,399.17, before making provision for federal income taxes.

In connection with Application No. 29905, the staff of the Commission made an inventory and appraisal of the properties and submitted in that proceeding an exhibit showing the estimated

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historical cost as of February 21, 1949, at \$46,300.47 and the reserve requirement, computed on the 5% sinking fund basis, at \$7,349.59. In the present application the capital additions subsequent to the date of the appraisal up to July 31, 1952, are reported at \$15,569.10, with the depreciation reserve balance being stated at \$12,393.26.

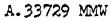
The application shows that on August 1, 1952, the Superior Court of the State of California, in and for the County of Los Angeles, entered its order confirming the sale of the water system held by the estate of Roy E. Rankin to San Gabriel Valley Water Company for the sum of \$47,100 in cash. The purchaser reports that it proposes to continue in effect the rates, rules and regulations currently authorized for the system. It asks authority to set up the physical properties on its books at the amounts set forth in the appraisal made by the Commission's staff, to which reference has been made, plus the subsequent capital additions, and to compute the depreciation by the straight line method to the date of acquisition. It proposes to assume the liability for refund of consumers' deposits in the amount of \$1,121.

The purchaser is engaged in operating public utility water systems in the vicinity of the Roy Rankin Water Service. It appears to us that the acquisition by it of the system referred to in this application will not be adverse to the public interest.

## QEDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and

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that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Thomas M. Erwin, Executor of the Estate of Roy E. Rankin, Deceased, doing business as Roy Rankin Water Service, after the effective date hereof and on or before December 31, 1952, may sell the water system known as the Roy Rankin Water Service to San Gabriel Valley Water Company for the sum of \$47,100.

2. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be sold.

3. The rates, rules and regulations of Roy Bankin Water Service now on file with the Commission shall be refiled within thirty (30) days after the date of transfer under the name of San Gabriel Valley Water Company, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, San Gabriel Valley Water Company may file a notice of adoption of said presently filed rates, rules and regulations. No increase in the present rates shall be made unless authorized by the Commission.

4. Consumers' deposits to guarantee payment shall be transferred to and become the obligation for refund of San Gabriel Valley Water Company.

5. San Gabriel Valley Water Company, upon acquiring the water system of Roy Rankin Water Service, shall record in its fixed capital accounts the appraisal made by the Commission's staff as of February 21, 1949, and filed as an exhibit in Application No. 29905, plus the cost of the subsequent capital additions, and shall credit

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to its reserve the depreciation requirement computed on the straight line basis. Within sixty (60) days after acquisition of the properties, San Gabriel Valley Water Company shall file with the Commission a copy of each journal entry used to record such acquisition on its books, and the distribution to primary plant and other accounts. The Commission reserves the right to direct such changes in such entries as may appear reasonable.

6. If the authority herein granted is exercised, San Gabriel Valley Water Company shall notify the Commission in writing of the date of the completion of the transfer herein authorized.

7. The authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this \_\_\_\_\_ day of <u>enter lus</u>) 1952.

Commissioners