

ORIGINAL

Decision No. 48225

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
JOHN W. CARL and FRANCES C. CARL, his
wife, to sell, and PAUL THOMPSON and
THELMA THOMPSON to purchase the
GLEN ELLEN WATER WORKS of Glen Ellen,
Sonoma County, California.

Application
No. 34015

O P I N I O N

This is an application for an order authorizing John W. Carl and Frances C. Carl, his wife, to sell and transfer the Glen Ellen Water Works to Paul Thompson and Thelma Thompson.

John W. Carl and Frances C. Carl are, and for some years have been, engaged in operating the Glen Ellen Water Works for the purpose of supplying water to approximately 210 customers located in and about the community of Glen Ellen, Sonoma County. In financial statements filed in this proceeding, they have reported their investment in fixed capital at November 30, 1952, in the amount of \$24,599.82, with a reserve for depreciation of \$11,183.07, and their revenues for the first eleven months of 1952 in the amount of \$7,655.17, with operating expenses of \$6,472.03, including an allowance of \$582.85 for depreciation and \$3,773.55 for owners' wages and salaries, leaving net operating revenues of \$1,183.14.

The application shows that the present owners desire to retire from the utility business and that they have made arrangements to sell their water system to Paul Thompson and Thelma Thompson for the sum of \$30,000. The contract of sale provides for the initial payment of \$15,000 and for the payment of the remaining \$15,000 in monthly installments of \$200 each including interest at the rate of 6% per annum, the deferred payments to be represented by a note secured by a deed of trust and by a chattel mortgage.

Upon reviewing this matter it appears that Paul Thompson is; and for many years has been, engaged in the electric and plumbing business in Glen Ellen, that he intends to continue such operations as well as those of the water system and that he is in a position to maintain, operate and finance the properties, to continue the service and to meet his obligations under the contract of sale. In our opinion, therefore, the proposed transfer will not be adverse to the public interest and should be authorized.

It appears, however, that the agreed purchase price is in excess of the reported investment in the public utility water properties and in making this order we wish to place the purchasers upon notice that the Commission, if called upon to review the operations, will not recognize the purchase price to be paid as the basis of an order fixing rates.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. John W. Carl and Frances C. Carl, on or after the effective date hereof and on or before June 30, 1953, may sell and transfer the Glen Ellen water works to Paul Thompson and Thelma Thompson, such sale and transfer to be made in accordance with the terms of the contract of sale filed in this proceeding. John W. Carl and Frances C. Carl shall transfer to Paul Thompson and Thelma Thompson their books of account, invoices, and such other records pertaining to the construction and operation of the Glen Ellen Water Works as are covered by the Commission's General Order No. 28

relating to the preservation of records.

2. Paul Thompson and Thelma Thompson, on or after the effective date hereof and on or before June 30, 1953, may issue a note in the principal amount of not exceeding \$15,000 in part payment for the Glen Ellen Water Works and may execute a deed of trust and a chattel mortgage, which note, deed of trust and chattel mortgage shall be in, or substantially in, the same form as those filed in this proceeding, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose set forth herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

3. Paul Thompson and Thelma Thompson, upon acquiring the Glen Ellen Water Works shall set up on their books the balances in the fixed capital and depreciation reserve accounts appearing on the books of the sellers at the time of transfer.

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

5. On or before the date of actual transfer, John W. Carl and Frances C. Carl shall refund all deposits which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and become the obligation for refund of Paul Thompson and Thelma Thompson.

6. The rates, rules and regulations of John W. Carl and Frances C. Carl now on file with the Commission shall be refiled within thirty days after the date of transfer under the names of Paul Thompson and Thelma Thompson in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling,

Paul Thompson and Thelma Thompson may file a notice of adoption of said presently filed rates, rules and regulations. No increase in present rates shall be made unless authorized by the Commission.

7. If the authority herein granted is exercised John W. Carl and Frances C. Carl, within thirty days thereafter, shall notify the Commission in writing of the date of the completion of the transfer and of their compliance with the terms of this decision.

8. Paul Thompson and Thelma Thompson shall file with the Commission a report as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

9. The authority herein granted will become effective when Paul Thompson and Thelma Thompson have paid the minimum fee prescribed by Section 1904 of the Public Utilities Code, which fee is \$25.00.

Dated at Los Angeles, California, this 2nd day of February, 1953.

[Signature]
President

Justus F. Calver

Harold P. Hula

[Signature]

[Signature]
Commissioners

