

ORIGINAL

50746

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of A. J. PATTERSON, doing)
 business as KERNVILLE DOMESTIC WATER)
 COMPANY, to sell, and WILLIAM H. KLAHN) Application No. 35589
 to buy utility real and personal)
 property, together with utility rights)
 of KERNVILLE DOMESTIC WATER COMPANY.)

O P I N I O N

A. J. Patterson, by this application filed July 8, 1954, seeks authority to sell to William H. Klahn, pursuant to the terms and conditions of an agreement and other documents annexed to the application, the assets of a water system, described in Exhibit "A" of the application, serving residents of New Kernville, Kern County, California.

The stated consideration for the transaction, which also includes sale of Lot 5 of Tract No. 1513, Kern County, described in the agreement as "nonutility property," is the sum of \$22,250, of which \$500 is payable upon execution of the agreement and \$5,500 upon closing the escrow. Payment of the balance of \$16,250 will be evidenced by execution of a promissory note by buyer, secured by a deed of trust and chattel mortgage, with interest at the rate of five per cent per annum, principal and interest on the note to be payable in installments of \$125 or more per month.

Seller, in 1948, acquired from one Bechtel the water system serving the town of Kernville (Dec. No. 41564, Application No. 29225). In 1950 he sold that system to the Federal Government and thereafter operated it for the Government until June of 1952, when the town of Kernville was evacuated as a result of construction of Isabella Dam in the vicinity. He built the present system in 1950 and in 1952 received from the Commission a certificate for its

operation and authority to increase rates (Dec. No. 47453, Application No. 33031).

Applicants allege that seller, for reasons of health, desires to retire from the business and that buyer, who has assisted in its operation for the past two years, is competent to conduct it. Buyer's financial statement was submitted by the filing of an amendment to the application. An investigation by our staff indicates that the purchaser is in a position to finance the acquisition of the water system and to continue the operation thereof.

The assets to be transferred, listed in Exhibit "A" attached to the application, consist of wells, pumps, pump house and site, pump-house equipment, purification equipment, pressure tanks, distribution mains, hydrants, services, shop equipment and all rights, privileges and licenses in other personal property of seller used in connection with operation of the system.

Upon consideration of the application we find that:

1. The proposed transfer of public utility assets will not be adverse to the public interest.

2. The money, property, or labor to be procured or paid for by the issuance of a promissory note in the sum of \$16,250 secured by a deed of trust and chattel mortgage, hereinafter authorized, is reasonably required by William H. Klahn for the purposes hereinabove stated, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

We conclude from the foregoing findings of fact that the application should be granted.

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

A public hearing is not necessary.

O R D E R

The above-entitled application to sell public utility property having been filed and considered, the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS HEREBY ORDERED that:

1. A. J. Patterson may, on or after the effective date hereof and on or before January 31, 1955, sell and transfer the public utility properties described in the application herein to William H. Klahn pursuant to the terms and conditions of an agreement of sale and purchase dated the 30th day of June, 1954, a copy of which agreement is attached to the application herein as Exhibit "A" thereof.
2. William H. Klahn, after the effective date hereof and on or before January 31, 1955, may issue a promissory note in the amount of \$16,250, and may execute a deed of trust and mortgage of chattels as security therefor and use the proceeds for the purposes set forth in the foregoing opinion.
3. The rates and rules of A. J. Patterson, now legally on file with this Commission, shall be refiled within thirty days from the date of transfer under the name of William H. Klahn in accordance with procedure prescribed by General Order No. 96, or, in lieu of such refiling, said William H. Klahn may file a notice of adoption of said presently filed rates and rules. No increases in the present lawfully filed rates and rules shall be made unless otherwise properly authorized by this Commission.
4. On or before the date of actual transfer, A. J. Patterson shall refund all deposits which customers are entitled to have refunded and any unrefunded deposits shall be transferred to and become the obligation for refund of William H. Klahn.
5. If the authority herein granted is exercised, A. J. Patterson shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized and of his compliance with the provisions of this order.
6. On or before the date of actual transfer of the physical properties herein authorized, A. J. Patterson shall transfer and deliver to William H. Klahn and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the properties of Kernville Domestic Water Company.

- 7. A. J. Patterson shall file with the Commission such report, or reports, as may be required by the Commission's 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 applicants have paid the minimum fee of \$25 prescribed by Section 1904 of the Public Utilities Code.

Dated at San Francisco, California, this 14th
 day of NOVEMBER, 1954.

John E. Mitchell
 President

Justin J. Casner

Samuel J. Lott

James Higgins

Raylo Luterer
 Commissioners

