

Decision No. 53016

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Harvey F. Nelson, Horace F. Nelson,)
 Bernice N. Buck, George A. Nelson and)
 Sadie N. Uehling, d.b.a. FAIRACRES)
 WATER COMPANY; and William R. Quinney)
 for an order or orders; (A) author-)
 izing Harvey F. Nelson, Horace F.)
 Nelson, Bernice N. Buck, George A.)
 Nelson, and Sadie N. Uehling to sell)
 and transfer its properties to)
 William R. Quinney; (B) authorizing)
 William R. Quinney to purchase said)
 properties and render water service)
 in the territory now served thereby.)

Application No. 37914
(As Amended)

This application pursuant to)
 Section 851 of Public Utilities Code)
 respectfully shows:)

OPINION AND ORDER

By this application filed April 5, 1956 and amended on July 10, 1956, Harvey F. Nelson, Horace F. Nelson, Bernice N. Buck, George A. Nelson and Sadie N. Uehling^{1/} seek authority to sell, and William R. Quinney, doing business as Central Gardens Water Company^{2/}, to purchase the water system known as Fairacres Water Company, which serves approximately 700 customers within a portion of the City of Long Beach, Los Angeles County.

Sellers' water system was originally operated by a corporation, Frans Nelson and Sons, Inc.; under a certificate of public convenience and necessity granted to it by the Commission in Decision No. 17653, dated November 19, 1926, in Application No. 13096. It is alleged in the amendment to the application herein that about the

^{1/} Sometimes hereinafter called Sellers.

^{2/} Sometimes hereinafter called Buyer.

year 1934 the assets of the above-mentioned corporation, including the water utility properties, were distributed to Frans Nelson, individually, and the corporation was then discontinued. Further, according to the amendment, upon the death of Frans Nelson in 1948, Sellers herein became the record owners of the subject water system by court action entitled, "Decree of Distribution of the Estate of Frans Nelson", a copy of which is an exhibit attached to the amendment. Authorization for neither of these two changes in ownership has been requested of, nor heretofore granted by, this Commission, notwithstanding the clear provisions of Section 851 of the Public Utilities Code.

The property proposed to be transferred consists of a parcel of land, wells and pumping plants, the distribution system facilities, certain rights of way, together with maps, books and records relating to the operation of the water system. The land is more particularly described in the document entitled, "Agreement of Sale", a copy of which is attached to the application.

The terms of the proposed agreement provide that the properties are to be transferred for the total consideration of \$10,000 cash, payable \$2,500 upon the execution of the agreement and \$7,500 within 10 days following the issuance of the order of this Commission authorizing the transfer.

The original book cost of the properties to be transferred is stated in Exhibit "A", attached to the application, to be \$10,000. However, the annual report of the utility filed with this Commission as of December 31, 1955, shows that the cost of the utility property was \$40,455.83 with a reserve for depreciation of \$35,152.98, thus indicating a depreciated utility plant of \$5,302.85. While the transfer consideration is in excess of the amount of depreciated plant,

it was elicited during an informal investigation of the utility's operations by a Commission staff engineer that the proposed property transfer includes a frame building which was recently appraised at \$5,000, and the cost of which has not been included in the utility's plant accounts.

The reasons given for the transfer of public utility properties are that Sellers are unable to properly maintain the service and make necessary repairs and that Buyer is experienced in management of water distribution systems and, under the Commission's jurisdiction, currently operates a water utility known as Central Gardens Water Company located in the same general area.

As Buyer's water utility, known as Central Gardens Water Company, serves an area located within a few miles of the area served by Sellers, it does not appear necessary for Buyer to maintain on file separate tariff schedules for the water system to be acquired herein. Therefore, the order which follows will authorize and direct Buyer to apply the rules on file for his Central Gardens system to the service area to be transferred herein, and to refile the rates now on file for Fairacres Water Company as a part of Buyer's tariff schedules.

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

The Commission having considered the above-entitled application and being of the opinion that a public hearing is not necessary, that the proposed transfer will not be adverse to the public interest, that any increase in charges which may result from the application of Buyer's Central Gardens water system rules in the service area hereinafter authorized to be transferred are justified, and that the application should be granted; therefore, in the public interest, and in

order to reasonably insure the continuance of service to the public,

IT IS HEREBY ORDERED as follows:

1. The transfer of the public utility water system known as Fairacres Water Company by Frans Nelson and Sons, Inc., a corporation, to Frans Nelson, an individual; the transfer by "Decree of Distribution of the Estate of Frans Nelson", dated September 8, 1949, to Harvey F. Nelson, Horace F. Nelson, Bernice N. Buck, George A. Nelson, and Sadie N. Uehling, the Sellers herein; and the sale and transfer from said Sellers to William R. Quinney, in accordance with the terms and conditions of the previously referred to Agreement of Sale, hereby are authorized.
2. William R. Quinney, on and after the date of actual transfer, is authorized and directed to charge in the service area acquired under the authorization herein granted, the rates presently being charged by Sellers under the name of Fairacres Water Company, and to apply in said service area his own rules which are now on file with the Commission for his water system known as Central Gardens Water Company.
3. William R. Quinney, if he acquires the hereinabove described properties, shall file the rates authorized herein and shall revise his presently effective tariff schedules for his water system to provide for the application of his rules and said rates in the service area being acquired herein, together with a revised tariff service area map acceptable to the Commission, all within thirty days thereafter, and in accordance with the procedures prescribed by General Order No. 96. Such rates, revised tariff sheets and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
4. On or before the date of actual transfer, Harvy F. Nelson, Horace F. Nelson, Bernice N. Buck, George A. Nelson and Sadie N. Uehling shall refund all customers' deposits and advances for construction which are subject to refund. Any unrefunded deposits and advances shall be transferred to and become the obligation for refund of William R. Quinney.
5. On or before the date of actual transfer, Harvey F. Nelson, Horace F. Nelson, Bernice N. Buck, George A. Nelson and Sadie N. Uehling shall transfer and deliver to William R. Quinney, and the latter shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties hereinabove authorized to be transferred.

- 6. If the authority herein granted is exercised, Harvey F. Nelson, Horace F. Nelson, Bernice N. Buck, George A. Nelson and Sadie N. Uehling shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized and of their acceptance of and compliance with all of the conditions hereof.
- 7. Upon due compliance with all the conditions of this order, said Harvey F. Nelson, Horace F. Nelson, Bernice N. Buck, George A. Nelson and Sadie N. Uehling shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

The authority herein granted will become effective twenty days after the date hereof.

Dated at San Francisco, California, this 21st day of August, 1956.

President

Justin J. Casanova

Roger Intaravien

B. Hardy

Commissioners