

ORIGINALDecision No. 53829

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
A. B. BELL and VIOLA D. BELL, his)	
wife, to sell and WILLIAM T. HAMMOND)	
and DELLA F. HAMMOND, his wife, to)	
buy the DENAIR WATER WORKS and for)	Application No. 38282
the conveyance by the sellers to the)	
buyers of the real property used in)	
the operation thereof.)	

OPINION AND ORDER

In this application, filed on July 21, 1956, A. B. Bell and Viola D. Bell, his wife, seek authority to sell and transfer, and William T. Hammond and Della F. Hammond, his wife, to purchase, the assets and properties of a water system known as Denair Water Works which supplies public utility water service in the unincorporated community of Denair, Stanislaus County.

The present owners of the water system acquired the properties from Hale A. Hammer and Emma W. Hammer, his wife, and Charles C. Hammer. The transfer was authorized by the Commission in Decision No. 48500 dated April 21, 1953, in Application No. 34172. This water system was established prior to 1912 and no certificate of public convenience and necessity authorizing its operation was ever issued by the Commission.

The properties proposed to be transferred include two parcels of land, two wells and pumps, and storage and distribution facilities all of which are more particularly described in the application and in the "Agreement For The Sale Of Denair Water Works" attached to the application as "Exhibit A".

Under the terms of this agreement the properties are proposed to be transferred for the total price of \$32,000, of which

\$15,000 is to be paid in cash. The balance of \$17,000 is to be paid by a note secured by a deed of trust and chattel mortgage (copies of which instruments are attached to the application as "Exhibit B"). The terms of the note provide for monthly payments of \$200 including interest at 6 per cent per year on the unpaid balance. Interest on the note is to be computed from the date of the close of escrow which date is to be set after authorization from this Commission has been obtained.

The cost of the properties to be transferred as shown on the balance sheet as of January 1, 1956¹ ("Exhibit C" of the application) is \$26,433.57. No amount is shown for depreciation.

Annual report to the Commission for the Denair Water Works for the year 1955 shows gross utility plant as of the end of year amounting to \$30,006.91, a depreciation reserve of \$7,207.43, and a net utility plant of \$22,799.48.

"Exhibit E" of the application is a financial statement of William T. Hammond and Della F. Hammond which statement shows a net worth of \$31,300.

The application states that A. B. Bell and Viola Bell desire to sell, and retire from the operation of, their water system properties for the reason that pressure of other business prevents A. B. Bell from giving the necessary time to the personal supervision of the operation of the water system.

Upon investigation by an engineer of the Commission staff it appears that William T. Hammond and Della F. Hammond have the resources to finance the purchase of the water system and to carry on its operation as a public utility.

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

¹ Date is shown in Paragraph V of the application and is not shown on the balance sheet ("Exhibit C").

The Commission having considered the above-entitled application and being of the opinion that the proposed transfer will not be adverse to the public interest, that a public hearing is not necessary, that the money, property or labor to be procured or paid for by the issue of the note hereinafter authorized is reasonably required by applicants William T. Hammond and Della F. Hammond for the sole purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expense or to income; therefore,

IT IS HEREBY ORDERED that:

1. A. B. Bell and Viola D. Bell, on or after the effective date hereof and on or before March 31, 1957, may sell and transfer all of their water utility properties referred to herein, known as Denair Water Works, to William T. Hammond and Della F. Hammond, pursuant to the terms of the proposed agreement of sale which is attached to the application as "Exhibit A".

2. William T. Hammond and Della F. Hammond, after the effective date hereof and on or before March 31, 1957, may issue a promissory note in the principal amount of \$17,000 in part payment for the properties herein authorized to be transferred, and may execute a deed of trust and a chattel mortgage in, or substantially in, the same form as that filed in this proceeding.

3. The rates and rules of A. B. Bell and Viola D. Bell, doing business as Denair Water Works, now on file with the Commission, shall be refiled within thirty days from the date of actual transfer under the name of William T. Hammond and Della F. Hammond in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiled, said William T. Hammond and Della F. Hammond may file a notice of adoption of said presently filed rates and rules. No increases in 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. B. Bell and Viola D. Bell shall refund all deposits and advances in aid of construction which customers are entitled to have refunded. Any unrefunded deposits and advances in aid of construction shall be transferred to and become the obligation for refund of William T. Hammond and Della F. Hammond.

5. If the authority herein granted is exercised, A. B. Bell and Viola D. Bell shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized.

6. On or before the date of actual transfer, A. B. Bell and Viola D. Bell shall transfer and deliver to William T. Hammond and Della F. Hammond and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operations of the properties hereinabove authorized to be transferred.

7. Upon due compliance with all conditions of this order, said A. B. Bell and Viola D. Bell shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system hereinabove authorized to be transferred.

8. William T. Hammond and Della F. Hammond shall file with this Commission monthly reports as required by General Order No. 24-A, which order, in so far as applicable, is made part of this order.

9. The authority herein granted to issue a note will become effective when William T. Hammond and Della F. Hammond have paid the minimum fee prescribed by Section 1904(b) of the Public Utilities

Code, which fee is \$25. In all other respects, the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 1st day of OCTOBER 1956.

E. J. ...
 President

Justin J. ...

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 Commissioners

