

Decision No. 54061

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LOYD A. MORROW and)
ZELLA E. MORROW for authority to)
sell MORROW WATER COMPANY, to-)
gether with all franchises,)
permits and operative rights)
thereto to JOHN HOWARD.)

Application No. 38120
Amended

OPINION AND ORDER

In this application filed on June 12, 1956, and amended on July 28, 1956, and on October 4, 1956, Loyd A. Morrow and Zella E. Morrow, seek authority to sell, and John Howard to purchase, all real and personal property, franchises, permits, and operative rights of the public utility water system known as Morrow Water Company, located adjacent to the east side of the City of Ceres, Stanislaus County.

The properties proposed to be transferred include four parcels of land and all water production and distribution facilities which are more particularly described in the "Agreement of Sale"¹ attached to the second amendment to the application filed October 4, 1956.

Under the terms of the above referred to agreement as finally amended on September 26, 1956, the properties are proposed to be transferred for the total price of \$36,600,² of which \$6,600 will be paid in cash, and the balance represented by a promissory note, secured by a deed of trust, in the principal amount of \$30,000. The terms of the note provide that the principal sum is to be repaid

1 The amendment of July 10, 1956 referred to in said agreement is erroneously stated as July 10, 1955.

2 The transfer price is erroneously stated to be \$36,000 in paragraph 2 of the "Agreement of Sale" attached to the second amendment to application filed October 4, 1956.

in equal monthly installments of \$566 or more, commencing on the first day of February, 1956, and continuing monthly on the first day of each and every month thereafter until said purchase price shall have been fully paid, together with interest at the rate of 4 per cent per annum, payable annually.

The cost of the properties, as reported by the utility in its annual report to the Commission for 1955 and as shown on the balance sheet dated December 31, 1955 (Exhibit A attached to the original application), is \$73,190.38; against which the depreciation reserve is \$5,885.74, resulting in a depreciated utility plant of \$67,304.64.

The application states that sellers have completed building operations in and about the City of Ceres and have entered into various commitments through corporations which they own and control whereby they will henceforth be required to devote their full time and attention to the construction of extensive properties in areas outside the County of Stanislaus.

From an investigation by an engineer of the Commission staff it is indicated that John Howard is capable of financing the acquisition of the subject water system and of continuing its operations as a public utility.

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 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 issuance of the note hereinafter authorized is reasonably required by applicant, John Howard, for the 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. Loyd A. Morrow and Zella E. Morrow, 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 Morrow Water Company, to John Howard, pursuant to the terms of the proposed agreement of sale, which is attached to the second amendment to application filed on October 4, 1956.

2. On or before the date of actual transfer, Loyd A. Morrow and Zella E. Morrow shall refund all ^{customer} deposits and advances for construction which are subject to refund. Any unrefunded deposits and advances for construction shall be transferred to and become the obligation for refund of John Howard. *Em*

3. If the authority herein granted is exercised, Loyd A. Morrow and Zella E. Morrow, within thirty days thereafter, shall notify this Commission in writing of the date of such completion of the property transfer herein authorized.

4. On or before the date of actual transfer, Loyd A. Morrow and Zella E. Morrow shall transfer and deliver to John Howard, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operations of the public utility water system hereinabove authorized to be transferred.

5. Upon due compliance with all the conditions of this order, said Loyd A. Morrow and Zella E. Morrow 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.

6. The rates and rules of Loyd A. Morrow and Zella E. Morrow, doing business as Morrow Water Company, now on file with the Commission, shall be refiled within thirty days from the date of actual transfer under the name of John Howard in accordance with the

procedure prescribed by General Order No. 96, or, in lieu of such refiling, said John Howard 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.

7. John Howard, after the effective date hereof, and on or before March 31, 1957, may issue a promissory note in the principal amount not exceeding \$30,000 in part payment for the properties hereinabove authorized to be transferred, and may execute a deed of trust in, or substantially in, the same form as that filed in this proceeding.

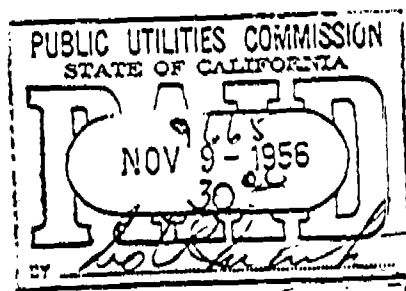
8. John Howard shall file with this Commission monthly reports as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

9. The authority herein granted to issue a note will become effective when John Howard has paid the fee prescribed by Section Section 1904(b) of the Public Utilities Code, which fee is \$30. In all other respects, the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 5th day of November, 1956.

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners



Commissioner [Signature] did not participate in the disposition of this proceeding.