

**ORIGINAL**Decision No. 56525

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 JOHN P. BORELLO and LETITIA M. BORELLO, )  
 his wife, and LOGAN C. SOUTHFIELD and )  
 FRIEDA SOUTHFIELD, his wife, for Order )  
 Authorizing Sale and Encumbrance of )  
 Public Utility Property known as Del Rey )  
 Water System. )

Application No. 39870

OPINION AND ORDER

By this application, filed March 4, 1958, John P. Borello and Letitia M. Borello <sup>1/</sup> seek authority to sell, and Logan C. Southfield and Frieda Southfield <sup>2/</sup> to purchase, the public utility water system known as Del Rey Water System.

The terms and conditions of the proposed transfer are set forth in a written agreement dated February 18, 1958, a copy of which is attached to the application as Exhibit "A". The agreement provides for the conveyance of the real and personal water system properties for a consideration of \$25,000, of which \$8,000 is to be paid in cash and a promissory note is to be executed for the remaining \$17,000. The note, secured by a deed of trust and a chattel mortgage covering the properties of the water system, is to be repaid by installments of \$150 a month, including interest at 5 percent per year on the unpaid balance. A copy of each of the note, deed of trust and chattel mortgage is attached to the application as

Exhibits "C", "D" and "E", respectively.

1/ Sometimes herein called Sellers.

2/ Sometimes herein called Purchasers.

The properties proposed to be transferred consist of pipelines of various sizes, a parcel of land, two wells, together with the necessary pumps and pressure equipment, and certain other assets. Transportation equipment having an original cost of \$941.20 is not to be included in the transfer.

The utility's annual report to the Commission for the year ending December 31, 1957, shows total utility plant of \$24,580.60 and a depreciation reserve of \$4,613.00 indicating a net utility plant of \$19,967.60.

The water system is located in the unincorporated community of Del Rey, Fresno County. Records of the Commission indicate that the system was established in 1918 pursuant to a certificate of public convenience and necessity granted by Decision No. 6022, dated December 26, 1918, in Application No. 4158. The system was purchased by the present owners in 1953 pursuant to authority granted by Decision No. 49239, dated October 27, 1953, in Application No. 34749. Water service is furnished to approximately 180 customers.

The application states that Sellers desire to sell properties for the reason that they are no longer physically able to operate and maintain the system. It has been concluded from an investigation by an engineer of the Commission's staff that Purchasers are capable of acquiring the water system and continuing its operation as a public utility.

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

The Commission having considered the above entitled application is of the opinion and finds 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 herein authorized is reasonably required for the purpose specified herein, that such purpose is not, in whole or in part, reasonably chargeable to operating expense or to income, and that the application should be granted; therefore,

IT IS HEREBY ORDERED that:

1. John P. Borello and Letitia M. Borello may, on or after the effective date hereof and on or before September 30, 1958, sell and transfer the public utility water system properties referred to herein, known as Del Rey Water System, to Logan C. Southfield and Frieda Southfield, pursuant to the terms and conditions set forth in the agreement, Exhibit "A".
2. Logan C. Southfield and Frieda Southfield, on or after the effective date hereof and on or before September 30, 1958, 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 first deed of trust and a chattel mortgage as security therefor, which note, deed of trust and chattel mortgage shall be in, or substantially in, the same form as those filed in this proceeding.
3. Logan C. Southfield and Frieda Southfield 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.
4. The rates and rules of John P. Borello and Letitia M. Borello, now on file with this Commission, shall be refiled within thirty days from the date of actual transfer under the names of Logan C. Southfield and Frieda Southfield, in accordance with the procedure prescribed by General Order No. 86. In lieu of such refileing, Logan C. Southfield and Frieda Southfield,

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

5. On or before the date of actual transfer, John P. Borello and Letitia M. Borello shall refund all customers' deposits and all advances for construction, if any, which are subject to refund. Any refunded deposits and advances shall be transferred to and become the obligation for refund of Logan C. Southfield and Frieda Southfield.
6. On or before the date of actual transfer, John P. Borello and Letitia M. Borello shall transfer and deliver to Logan C. Southfield and Frieda Southfield, 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.
7. If the authority herein granted is exercised, John P. Borello and Letitia M. Borello 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 compliance with the conditions hereof.
8. Upon due compliance with all of the conditions of this order, John P. Borello and Letitia M. Borello 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.

The authority herein granted to issue a note will become effective when Logan C. Southfield and Frieda Southfield have paid the minimum fee prescribed by Section 1904(b) of the Public

Utilities Code, which fee is \$25.00. In all other respects, the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 15<sup>th</sup> day of April, 1958.

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

