

**ORIGINAL**

Decision No. 59411

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

-of-

OCA F. TATHAM and RUBY E. TATHAM,  
husband and wife, doing business as  
NORTHEAST GARDENS WATER DISTRICT,  
and L. GLYNNE PRICE, O. B. DOYLE  
and CURTIS L. PRICE,

Application No. 41471  
(Amendment and Second  
Amendment)

For an Order authorizing the sale  
of said utility and for an order  
authorizing the mortgaging of  
property in connection with said  
sale.

O P I N I O N

In this application, as amended, the Commission is requested to issue its order authorizing Oca F. Tatham and Ruby E. Tatham, husband and wife, doing business as Northeast Gardens Water District, to sell and transfer their public utility water operations and properties to L. Glynne Price, O. B. Doyle and Curtis L. Price, and authorizing L. Glynne Price, O. B. Doyle and Curtis L. Price to issue their promissory note secured by a deed of trust and chattel mortgage in partial payment for the properties to be acquired.

Oca F. Tatham and Ruby E. Tatham, sometimes hereinafter referred to as "Sellers", are engaged, as a public utility, in the business of supplying water for domestic and fire fighting purposes in an area located in the County of Fresno. Sellers report they are serving approximately 435 domestic customers.

In their annual report to the Commission for the year 1958, Sellers report operating revenues of \$22,184.80 and net income of \$586.18, after deducting \$2,599.92 for depreciation. In the same report, their gross investment in utility plant is shown at \$47,317.48 and, after deducting the applicable reserve for depreciation, at \$36,838.09. Members of the Commission's staff have made a field inspection of the utility plant and have examined available accounting records. Using recorded data where available, supplemented by appraisals where necessary, the staff accountants and engineers have arrived at an amount of \$69,489 as representing the estimated original cost of the properties as of August 31, 1959. They have estimated the reserve for depreciation applicable to the properties, as of the same date, at \$9,935, leaving as the net investment in plant the amount of \$59,554.

Sellers report that they have been active in the operation of the water system since its inception and have slowly expanded the facilities to meet public demands, doing most of the work themselves. They now desire to retire from the public utility business and escape the long hours and demands upon their time and energies. To accomplish this objective, Sellers have entered into an agreement with L. Glynne Price, O. B. Doyle and Curtis L. Price, sometimes hereinafter referred to as "Purchasers", wherein they propose to transfer the water system properties and operations to Purchasers for a total purchase price of \$59,250, \$24,250 being payable within ten days after approval of the transfer by this Commission and the balance of \$35,000 by the issue of a

promissory note. The promissory note is to be repaid in monthly installments of \$350 each, including interest which will be calculated at the rate of 5% per annum on the declining balance. As security for the note to be issued, the Purchasers propose to execute a deed of trust and a chattel mortgage, the note, deed of trust and chattel mortgage to be in, or substantially in, the same form as those filed in this proceeding as Exhibits G, H, and I, respectively, as they are amended by the Second Amendment to this application. In Exhibits L, M, and N, attached to the application or to amendments thereof, it is clearly shown that Purchasers have the financial responsibility to operate the water system and to finance the expansion or improvements which may be required. In addition, the application shows that one of the Purchasers, L. Glynne Price, who will be active in the management of the water system, has recently retired from his profession as a doctor and has the time and energy to devote to its management.

Upon a review of the application, we are of the opinion that the proposed transfer will not be adverse to the public interest and that an order should be entered granting the authority requested. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred nor as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, that the money, property or labor to be procured or paid for through the issuance of the note herein authorized is reasonably required for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Oca F. Tatham and Ruby E. Tatham, husband and wife, doing business as Northeast Gardens Water District, on or after the effective date hereof and on or before June 30, 1960, may sell and convey their public utility water system operating rights and properties to L. Glynne Price, O. B. Doyle and Curtis L. Price, in accordance with the terms and conditions of the agreement filed as Exhibit D in this proceeding, as amended, and, upon the consummation of such sale and conveyance, may cease furnishing and supplying water service in the area in which Sellers now operate.

2. Upon acquiring the properties under the authorization herein granted, L. Glynne Price, O. B. Doyle and Curtis L. Price shall account for the acquisition of the properties thus acquired in accordance with the provisions set forth in the Uniform System of Accounts for Class A, Class B and Class C Water Utilities prescribed by this Commission.

3. On or before the date of actual transfer, Oca F. Tatham and Ruby E. Tatham, doing business as Northeast Gardens Water District, shall refund all deposits and advances which consumers are entitled to have refunded. Any unrefunded deposits or advances shall be transferred to and shall become the obligation for refund of L. Glynne Price, O. B. Doyle and Curtis L. Price.

4. The rates, rules and regulations of Oca F. Tatham and Ruby E. Tatham, doing business as Northeast Gardens Water District, now on file with the Commission shall be refiled within 30 days after the date of transfer under the names of L. Glynne Price, O. B. Doyle and Curtis L. Price, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, L. Glynne Price, O. B. Doyle and Curtis L. Price may file a notice of adoption of said presently filed rates, rules and regulations. No increase in the present rates shall be made unless authorized by the Commission.

5. If the authority herein granted is exercised, Oca F. Tatham and Ruby E. Tatham, within 30 days thereafter, shall notify the Commission in writing of the date of completion of the transfer and of their compliance with the conditions of this order.

6. On or after the effective date hereof and on or before June 30, 1960, L. Glynne Price, O. B. Doyle and Curtis L. Price may issue their promissory note in the principal amount of not to exceed \$35,000, with interest at the rate of 5% per

annum on the declining balance, for the purposes set forth in this application and amendments thereto, said note to be in, or substantially in, the same form as that filed in this proceeding as Exhibit G, as amended by the Second Amendment to this application.

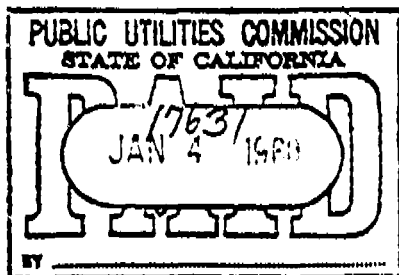
7. L. Glynne Price, O. B. Doyle and Curtis L. Price, on or after the effective date hereof and on or before June 30, 1960, may execute a deed of trust and a chattel mortgage, said deed of trust and chattel mortgage to be in, or substantially in, the same form as those filed in this proceeding as Exhibit H and I, respectively, and as amended by the Second Amendment to this application.

8. L. Glynne Price, O. B. Doyle and Curtis L. Price shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

9. The authority herein granted will become effective when L. Glynne Price, O. B. Doyle and Curtis L. Price have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$35.

Dated at San Francisco, California, this 21st day of December, 1959.

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President  
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Commissioners