

ORIGINAL

Decision No. 61550.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 RUFUS PRICE, dba RANCHO EASTERBY  
 WATER COMPANY, for authority to  
 transfer his water system and  
 certificate to CHARLES E. BAKMAN,  
 FRANK S. BAKMAN, W. W. BAKMAN,  
 R. L. BAKMAN, and IDA BAKMAN  
 GILSTRAP, dba BAKMAN RANCH, a  
 partnership, under Sections 851-853  
 of the Public Utilities Code.

Application No. 42056  
 (Amended)

Rufus Price and R. L. Bakman, applicants.

Sidney J. Webb and W. B. Stradley, for the  
 Commission staff.

O P I N I O N

Applicants' Request

By this application, filed March 21, 1960, Rufus Price (seller), doing business as Rancho Easterby Water Company, requests authority to transfer his public utility water system to Charles E. Bakman, Frank S. Bakman, W. W. Bakman, R. L. Bakman, and Ida Bakman Gilstrap (purchasers), doing business as Bakman Ranch, a partnership, who join in the application.

Public Hearing

Public hearing in the matter was held on June 9, 1960, at Fresno, and the matter was submitted. There was no opposition to the proposed transfer.

On August 16, 1960, the Commission issued an order setting aside submission and reopening the matter. Thereafter, on October 13, 1960, applicants filed an amendment to the application. In view of the verified information contained in the amendment further hearing appears unnecessary, and the matter is now ready for decision.

Rancho Easterby Water System

The water system and assets proposed to be sold include one well equipped with a 15-horsepower pump, a 1,500-gallon steel tank, approximately 3,500 feet of four- and six-inch mains, service connections, and one piece of real property described as Lot 1, in Rancho Easterby Tract No. 1237, Fresno County. The original cost of the system is reported to be \$12,087.28, including \$2,500 as the cost of said real property.

For the year 1959, the water system had gross revenues of \$1,577.80, which were received from 32 customers. Seller reported to the Commission that the net revenues of the system for 1959 were \$311.11, after meeting operating expenses, including pumping costs of \$889.13.

Seller operates Rancho Easterby Water Company pursuant to the certificate of public convenience and necessity granted to him by Decision No. 52535, dated January 31, 1956, in Application No. 37502. That decision prohibits extension of water service into territory lying outside the boundaries of the area certificated therein without authority first having been obtained from this Commission.

Purchasers

In conjunction with the Bakman Ranch, purchasers now own and operate a public utility water system known as Bakman Homesites Water Utility, which serves an area adjacent to that served by the Rancho Easterby system. Applicants represent that more efficient and reliable service would be rendered the customers of both systems if they were combined and operated under one ownership. Purchasers propose that the services offered by each system and the rates charged therefor remain in effect as now on file with the Commission.

From the financial statement included in the application, purchasers appear to have ample assets to finance the acquisition and to assure the continued operation of the Rancho Easterby water system.

Terms of Sale

Purchasers have agreed to pay and seller has agreed to accept the sum of \$10,000 for the Rancho Easterby water system, payable \$3,500 down with the balance of \$6,500 to be paid in yearly installments of \$650 or more plus interest on the unpaid principal computed at 6% per annum, all as set forth in the purchase agreement attached as Exhibit A to the amendment to the application.

The proposed transfer is to be made free and clear of all encumbrances save and except a \$6,500 deed of trust, the form of which is attached as Exhibit B to the amendment to the application.

Findings and Conclusions

After consideration of the record herein, the Commission finds and concludes that the proposed transfer would not be adverse to the public interest and that the application should be granted.

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

Inasmuch as the rates and rules of Rancho Easterby Water Company and Balman Homesites Water Utility are not the same, we find and conclude that the existing restriction against expansion of the Rancho Easterby system should be preserved until such time as all differences in said rates and rules are eliminated.

O R D E R

A public hearing having been held, and the Commission being of the opinion that the application as amended should be

granted, as herein provided, and that the money, property or labor to be procured or paid for by the issue of the promissory note herein authorized is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS ORDERED that:

1. Rufus Price may, on or after the effective date hereof, and on or before June 30, 1961, transfer his public utility water system, known as Rancho Easterby Water Company, to Charles E. Bakman, Frank S. Bakman, W. W. Bakman, R. L. Bakman and Ida Bakman Gilstrap, in, or substantially in, accordance with the terms and conditions set forth in Exhibit A to the amendment to the application, except that the first installment on the promissory note hereinafter authorized shall become due and payable one year from the date of the transfer authorized herein, rather than, as specified in said Exhibit A, one year from the effective date of Decision No. 52535.

2. The rates and rules of Rufus Price, now on file with this Commission, shall be refiled within thirty days of actual transfer under the names of the purchasers, Charles E. Bakman, Frank S. Bakman, W. W. Bakman, R. L. Bakman and Ida Bakman Gilstrap, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, purchasers may file a notice of adoption of said presently filed rates and rules. No increases in the presently filed rates and rules shall be made unless otherwise properly authorized by this Commission.

3. On or before the date of actual transfer, Rufus Price shall refund all customers' deposits and advances for construction, if any, which are subject to refund as of the date of transfer. Any unre-funded deposits and advances shall be transferred to and become the obligation for refund of the purchasers.

4. On or before the date of actual transfer, Rufus Price shall transfer and deliver to purchasers, who shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

5. If the authority herein granted is exercised, Rufus Price shall, within thirty days thereafter, notify this Commission, in writing, of the date of such completion of the property transfer herein authorized and of his compliance with the conditions hereof.

6. Upon compliance with all of the conditions of this order, Rufus Price 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.

7. Purchasers shall not make extensions of the purchased system into territory lying outside of the boundaries of the area certificated to Rufus Price by Decision No. 52535, dated January 31, 1956, in Application No. 37502, until such time as uniform rates and rules are applicable to the entire area served by the former Rancho Easterby system and the system of Bakman Homesites Water Utility.

8. Purchasers shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant. Purchasers shall review the accruals as of January 1st of the year following the date of purchase and thereafter when major changes in utility plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

9. On or after the effective date hereof, purchasers may execute a deed of trust and may issue a promissory note in the amount of \$6,500, the first installment of which shall become due and payable

as set forth in ordering paragraph 1 of this order, for the purpose set forth in this application as amended. Within thirty days after issuing said note, purchasers shall file with this Commission a copy thereof as actually issued.

The authority herein granted to issue a note will become effective when applicants 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 the date hereof.

Dated at San Francisco, California, this 21<sup>st</sup> day of FEBRUARY, 1961.

*Amel B. [Signature]*  
 President

*[Signature]*

*[Signature]*

*George H. [Signature]*

*Frederick B. [Signature]*  
 Commissioners

