

Decision No. 61652

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
A. C. AMBLER, an individual doing)
business under the firm name and)
style of AMBLER PARK WATER UTILITY,)
BESSIE G. AMBLER, and ROBERT L.)
LARSEN to transfer and acquire)
assets and franchise of the above-)
named utility.)

Application No. 42598
(Amended)

Thomas, Muller & Pia, by Edson G. Thomas,
for applicants.
Sidney J. Webb and Edmund J. Texeira, for
the Commission staff.

OPINION AND ORDER

A. C. Ambler, doing business as Ambler Park Water Utility, and his wife, Bessie G. Ambler, filed this application on August 23, 1960, and an amendment thereto on September 15, 1960, requesting authority to transfer their public utility water system to Robert L. Larsen, who joins in the application.

Public hearing was held in San Francisco on January 10, 1961, at which time evidence was adduced and the matter submitted.

Ambler Park Water Utility provides domestic water service in a subdivision in San Benancio Canyon in Monterey County pursuant to a certificate of public convenience and necessity granted by Decision No. 39771, dated December 23, 1946, in Application No. 27890. The water system includes certain real property, one operating well, capable of delivering 300 gallons per minute, three steel storage tanks of a total capacity of 35,000 gallons, transite distribution mains, and services. In the last annual report filed with the

Commissioner, seller stated that total operating revenues for the year 1959 were \$11,150.72 and operating expenses \$5,313.04 and that, as of the end of the year, total investment in water plant amounted to \$56,887.09 with a related depreciation reserve of \$12,717.75. These amounts do not include the cost of a one-acre parcel of nonutility real property included in the proposed transfer and valued by seller at \$1,000.

The agreed purchase price is \$71,000, to be paid \$5,000 in cash with the balance of \$66,000 at 5% interest to be paid in equal monthly installments of \$700. The promissory note for the balance of \$66,000 is to be secured by two deeds of trust, one on the water system and one on the buyer's home.

The proposed note in the amount of \$66,000 is well in excess of the system's reported net book value of \$44,169.34. The terms of sale call for monthly payments aggregating \$8,400 per year, whereas, the last reported annual net earnings of the system were \$5,837.68 with no allowance, however, for the owner's time spent in administration and operation of the system.

The evidence shows that there are prospects of further residential development within the utility's certificated service area. In our opinion, the amount of indebtedness outstanding, together with the payment requirements, would seriously impair buyer's ability to obtain funds, either from income or from external sources, to provide the cost of necessary plant additions and extensions and to improve and maintain adequate public utility water service. Further, a granting of the application would involve the authorization of a note and deeds of trust substantially in excess of reported values.

The record in this proceeding will not permit us to make the finding required by law that the proposed transfer is not adverse to the public interest. The Commission finds that the application should be denied; therefore,

IT IS ORDERED that Application No. 42598 be, and it hereby is, denied without prejudice.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 14th day of MARCH, 1961.

[Signature] President

[Signature]

[Signature]

[Signature] Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.