

66848

Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of A. R. MAEDE and SUNTA V. MAEDE,)
his wife, doing business as the)
Anderson Springs Water Company, a)
public utility, to sell, and)
Hazen A. Dennis, Jr., and)
Margaret A. Dennis, his wife, to)
buy, the business and properties)
of the Anderson Spring Water Com-)
pany.)

Application No. 46048
Filed December 19, 1963

O P I N I O N

By this application, A. R. Maede and Sunta V. Maede (Sellers), and Hazen A. Dennis, Jr., and Margaret A. Dennis (Purchasers) seek authority for the transfer of the water system known as Anderson Springs Water Company.

Sellers provide flat rate water service to approximately 127 summer customers and 20 permanent residents in an area of about 140 acres comprising the community known as Anderson Springs, near Middletown, Lake County. The water system consists primarily of two creek diversions, one well, several springs, eight storage tanks and reservoirs, and about six miles of transmission and distribution mains.

Purchasers reside in nearby Middletown. Their financial statement is Exhibit C to the application. One of the Purchasers has been employed by Sellers for the past three years and is familiar with the operation and facilities of the water system.

Sellers' present rates were filed in 1961 but their tariff service area map and most of their rules were filed in 1950. No tariff changes are requested by Purchasers.

On or about December 17, 1963, Sellers and Purchasers completed negotiations for the transfer proposed herein. The agreed purchase price is \$17,500, of which \$100 was to be payable upon execution of the contract of sale, \$5,000 was to be payable on or before January 1, 1964, and the balance is to be payable in annual installments of at least \$1,200, including interest at 6 percent of the declining balance of the principal. Payments of \$1,200 per year would result in full payment of principal and interest in about 17 years.

Sellers state that the original cost of the system as of December 31, 1962 was \$27,975, with a depreciation reserve of \$7,889. The utility's balance sheet, Exhibit B to the application, shows no advances for construction nor contributions in aid of construction.

Findings and Conclusions

1. The proposed sale and transfer will not be adverse to the public interest.
2. The property to be paid for under the contract of sale authorized herein is reasonably required for the purposes specified herein, and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. Purchasers have the financial ability to acquire and operate the water system.

The Commission concludes that the transfer of possession, and ultimate transfer of title, of the water system as proposed herein should be authorized as provided in the ensuing order.

The action taken herein does not constitute a finding of the value or original cost of the property authorized to be transferred. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, A. R. Maede and Sunta V. Maede (Sellers) may transfer, and Hazen A. Dennis, Jr., and Margaret A. Dennis (Purchasers) may acquire, possession of the water system referred to herein, substantially in accordance with the terms of the contract of sale, a copy of which is attached to the application as Exhibit A.
2. Concurrently with the execution of the contract of sale, Purchasers are authorized to incur the indebtedness set forth in that contract.
3. After the effective date of this order, and not less than five days before the date of actual transfer of possession Purchasers shall file a notice of adoption of Sellers' tariffs. Such filings shall comply with General Order No. 96-A and the notice of adoption shall become effective on the date of actual transfer of possession.
4. On or before the date of actual transfer of possession, Sellers shall refund all customers' deposits and advances for construction, if any, which are due and payable as of said date of transfer. All unrefunded deposits and advances shall be transferred to Purchasers, who shall be responsible for their refund when due.
5. On or before the date of actual transfer of possession, Sellers shall deliver to Purchasers, and Purchasers shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties authorized herein to be transferred.
6. Within five days after the date of actual transfer of possession, Sellers and Purchasers jointly shall submit written notification to this Commission, showing:

- a. The date of transfer of possession. A true copy of the contract of sale shall be attached to the notification.
- b. The dates of compliance with the foregoing paragraphs 4 and 5.

7. Purchasers 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.

8. Within six months after the date of actual transfer of possession, Purchasers shall file appropriate revised general rules and revised tariff service area maps clearly and accurately indicating the boundaries of the service area.

9. Concurrently with the commencement of service by Purchasers, Sellers may discontinue service and stand relieved of their public utility obligations in the area served by the transferred system, unless or until they reacquire possession of the system in accordance with the default provisions of the contract of sale.

10. Upon completion of the requirements of the terms of the contract of sale, title to the water system shall be transferred from Sellers to Purchasers.

The authority herein granted to incur indebtedness will become effective when Purchasers have paid the 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 twenty days after the date hereof.

Dated at San Francisco, California, this 25th day of FEBRUARY, 1964.

Dalhousie L. Bennett
President

Ed E. ...

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George H. Grover

Fredrick B. Hallock
Commissioners

