

ORIGINAL

Decision No. 68538

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 HAROLD A. DREBERT and RICHARD O.)
 HODGES, dba BURNS VALLEY WATER)
 COMPANY, for authority to sell and)
 transfer their public utility water)
 system properties to CLEAR LAKE)
 PARK WATER COMPANY, a corporation,)
 and for the latter to issue two)
 promissory notes.)

Application No. 47194
(Filed December 17, 1964)

O P I N I O N

This is an application for an order of the Commission (1) authorizing Harold A. Drebert and Richard O. Hodges, doing business as Burns Valley Water Company (sellers), to sell and transfer their water system to Clear Lake Park Water Company, a corporation (purchaser), and (2) authorizing Clear Lake Park Water Company to issue two promissory notes.

Sellers are engaged in the operation of a public utility water system in a portion of Clear Lake Highlands, Lake County, pursuant to authority granted by Decision No. 52120, dated October 25, 1955, in Application No. 37132. The application shows that service is provided to approximately 119 consumers. Sellers desire to discontinue their public utility operations and engage in other business activities. Purchaser is ready and willing to assume the public utility obligations. The balance sheet of Burns Valley Water Company, attached to the application as Exhibit E, indicates that as of December 31, 1963, net utility plant amounted to \$21,774.26. Exhibit E also shows that there were no advances

for construction or contributions in aid of construction. Customer deposits which totaled \$2,518.03, as of June 30, 1964, have been refunded.

Purchaser furnishes public utility water service in an area in Lake County known as Clear Lake Park and vicinity. Practically all of sellers' water supply is obtained from purchaser's system and delivered through approximately 600 feet of connecting pipeline.

Clear Lake Park Water Company proposes to purchase the entire assets of Burns Valley Water Company for the total sum of \$13,400. This sum is to be payable as follows: \$3,400 in cash; a promissory note in the amount of \$3,000, secured by a deed of trust, payable in yearly installments of \$600 including interest at 6% per annum; and a promissory note in the amount of \$7,000, secured by a chattel mortgage, payable in yearly installments of \$1,400 including interest at 6% per annum.

The Commission has considered this matter and finds that:

1. There will be no change in rates or service to the public as a result of the transfer.
2. The proposed sale and transfer will not be adverse to the public interest.
3. The money, property or labor to be procured or paid for by the issue of the promissory notes herein authorized is reasonably required for the purpose specified herein and such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted.

The action taken herein shall not be construed to be a finding of the value of the public utility operative rights and other utility property herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order Harold A. Drebert and Richard O. Hodges, doing business as Burns Valley Water Company (sellers), may sell and transfer, and Clear Lake Park Water Company, a corporation (purchaser), may purchase and acquire, the water system referred to in the application.
2. Purchaser, within thirty days after the date of actual transfer of possession, shall file a notice of adoption of sellers' tariffs. Such filings shall be in the form of an advice letter and shall comply with General Order No. 96-A and the notice of adoption shall become effective on the fourth day after having been filed.
3. 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 purchaser, who shall be responsible for their refund when due.
4. On or before the date of actual transfer of possession, sellers shall deliver to purchaser and purchaser shall receive and preserve all records, memoranda and papers pertaining to the

construction and operation of the properties authorized herein to be transferred.

5. Within thirty days after the date of actual transfer of possession, sellers and purchaser jointly shall submit written notification to the 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 3 and 4.

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

7. Within one year after the effective date hereof purchaser may issue two promissory notes in the aggregate principal amount of not to exceed \$10,000, and may execute a deed of trust and a chattel mortgage. Said documents shall be in the same form, or in substantially the same form, as those attached to the application. Purchaser shall issue such notes for the purpose set forth in this proceeding.

8. Concurrently with the commencement of service by purchaser, sellers may discontinue service and shall stand relieved of their public utility obligations in the area served by the transferred system.

9. On or before the end of the third month after the consummation of the transfer as herein authorized, purchaser shall cause to be filed with the Commission, in such form as it may prescribe, an annual report, or reports, of sellers covering the period commencing with the first day of the current year to and including the effective date of the transfer.

10. Purchaser shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is made a part of this order.

The authority herein granted to execute a deed of trust, a chattel mortgage and to issue two notes will become effective when purchaser has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 3rd day of FEBRUARY, 1965.

Frederick B. Holdhoff
President

John S. Mitchell

George T. Hoover

William L. Brown
Commissioners

