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ORIGINAL

Decision No. 69644

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
NORMA MECCHI, individually, and as)
surviving partner, doing business)
as THE MECCHI WATER CO. Under)
Sections 851-853 of the Public)
Utilities Code for authority to)
dispose of Utility Properties To)
EDWARD A. UHL.)

Application No. 47723
(Filed July 6, 1965)

O P I N I O N

Alladino B. Mecchi^{1/} and Norma Mecchi (sellers) and Edward A. Uhl (buyer) seek authority for the transfer of a water system. A Commission staff memorandum, hereby received in the record as Exhibit No. 1, presents certain recommendations relative to tariffs, maps and depreciation.

Service Area and Water System

The water system provides flat rate service to about 22 customers in a small area known as Crowner Subdivision, located in Santa Clara County about three-quarters of a mile north of San Martin. Sellers acquired the system pursuant to Decision No. 43413, dated October 18, 1949, in Application No. 30674. Their predecessors had been declared a public utility by Decision No. 42487, dated February 8, 1949, in Case No. 4976.

The water system consists primarily of a well, a pump, a tank, 930 feet of 1½-inch and 3-inch mains, and 22 unmetered services.

^{1/} Deceased. Represented herein by his surviving spouse, Norma Mecchi.

Rates and Rules

Sellers' present rates were filed in 1949 and consist of flat rates and meter rates. The flat rates are \$3 per month for each residence on a single lot and \$2 per month for each additional residence on the same lot. The meter rate, which is not now in use, provides for a minimum charge of \$2 per month for a 5/8 x 3/4-inch meter, with additional charges for monthly consumption in excess of 400 cubic feet, and higher minimum charges for larger meters.

Most of sellers' rules were filed in 1949. Buyer proposes to adopt those rules along with sellers' present rates. The Commission staff recommends in Exhibit No. 1 that a tariff service area map and up-to-date rules be filed, and that the buyer be required to prepare the system map required by General Order No. 103.

Financial Data

On March 4, 1965 sellers and buyer entered into an exchange agreement, Exhibit C to the pleading herein, providing for the transfer of the water system and certain other, nonutility property, in exchange for certain property of buyer. The price of the utility property is not set out separately but sellers' 1964 annual report to this Commission shows total utility plant of \$5,995 and a depreciation reserve of \$4,995, leaving a net plant of \$1,000. The annual report shows no customers' deposits, advances for construction or contributions in aid of construction. In Exhibit No. 1 the staff recommends that the straight-line remaining life depreciation method be adopted.

Purchaser's financial ability is indicated by his financial statement, Exhibit E to the pleading.

Findings and Conclusions

The Commission finds that:

1. The proposed exchange and transfer will not be adverse to the public interest.
2. Buyer has the financial ability to acquire and operate the water system.
3. The staff recommendations in Exhibit No. 1, as mentioned herein, are reasonable.
4. A public hearing is not necessary.

The Commission concludes that the application should be granted as provided in the order which follows. The action taken herein does not constitute a finding as to the value or original cost of the properties authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Norma Mecchi, individually and as survivor of Alladino B. Mecchi, (sellers) may transfer to Edward A. Uhl (buyer) the water system referred to herein, substantially in accordance with the exchange agreement, Exhibit C to the pleading herein.
2. After the effective date of this order, and not less than five days before the date of actual transfer, buyer shall file a notice of adoption of sellers' tariffs. Such filing shall comply with General Order No. 96-A. The effective date of the notice of adoption shall be the date of actual transfer.
3. On or before the date of actual transfer, sellers shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All

unrefunded deposits and advances shall be transferred to buyer, who shall be responsible for their refund when due.

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

5. Within five days after the date of actual transfer, sellers and buyer jointly shall file in this proceeding a written statement, showing:

- a. The date of transfer. A true copy of the instrument of transfer shall be attached to the statement.
- b. The dates of compliance with the foregoing paragraphs 3 and 4.

6. Upon compliance with all of the conditions of this order, sellers shall stand relieved of their public utility obligations in the area served by the transferred system and may discontinue service concurrently with the commencement of service by buyer.

7. After the effective date of this order, and not less than sixty days after the date of actual transfer, buyer shall refile tariffs of the water system, including a tariff service area map clearly indicating the boundaries of the service area, the present schedules of rates, appropriate general rules, and copies of printed forms to be used in dealing with customers. Such filing shall comply with General Order No. 96-A.

8. Buyer shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within sixty days after the date of actual transfer, buyer shall file with this Commission two copies of this map.

9. Buyer initially shall determine the depreciation rate by: (1) subtracting the estimated future net salvage and the

depreciation reserve from the original cost of plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. Buyer shall review the accruals as of January 1 of the year following the date of transfer, at subsequent intervals of five years and whenever a major change in depreciable plant occurs. The results of each review shall be submitted promptly to the Commission.

10. On or before the end of the third month after the date of actual transfer, buyer shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the period from the first day of the current year to and including the effective date of the transfer.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 8th day of SEPTEMBER, 1965.

Fredrick B. Holloff
President
John P. Ditcher
George H. Grover
W. J. ...
William ...
Commissioners