

**ORIGINAL**

Decision No. 71488

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of FRANK V. MAYO and  
 CLARA ANN MAYO, dba Oak Park Court  
 Water Company to sell the water  
 system in Stockton, San Joaquin  
 County, and of RALPH L. CRIDDLE,  
 SR., and MARGARET P. CRIDDLE, of  
 Stockton, to buy the same. }

Application No. 48688  
 (Filed August 5, 1966)

O P I N I O N

Frank V. Mayo and Clara Ann Mayo, doing business as Oak Park Court Water Company (sellers), request authority to transfer their water system in Stockton, San Joaquin County, to Ralph L. Criddle, Sr., and Margaret P. Criddle (buyers). Buyers join in the application.

Sellers, on December 31, 1965, had 61 active service connections by which they served 60 residential and one commercial customers.

Sellers request authority to sell all of their interest in the utility because of the full retirement and uncertain health of Frank V. Mayo.

Buyers have resided in the tract served by the water system since its completion in 1943. Mr. Criddle has had considerable mechanical and engineering experience and is thoroughly acquainted with the physical properties of the water system. He has assisted in the maintenance of the properties, has read meters monthly and has maintained contact with the customers for over 20 years. As an accommodation to all of the customers, Mrs. Criddle has received the monthly payments for water service and has accounted therefor.

Since the inception of the water system no complaints relating to the service have been made either to the utility or to the Commission.

Sellers' annual report to this Commission for the year 1965, hereby incorporated as a part of this record by reference, as of the end of that year shows utility plant in service in the amount of \$12,521.10, a reserve for depreciation of utility plant in the amount of \$6,730.16, no contributions in aid of construction or advances for construction, and customers' deposits totaling \$113.50.

The proposed agreement for the sale of this water system, including all physical assets, mains, tank and equipment, a copy of which is attached to the application, sets forth that the purchase price shall be \$6,400, which is alleged in the application to be book value of utility plant plus other physical property such as meters and tools. An unsecured promissory note for the purchase price will be made by buyers to sellers, the semiannual payment thereunder of principal and interest at 6 per cent per annum being \$750. The agreement further provides, in the event of unusually heavy or unexpected expenditure for new equipment, repairs or maintenance, that payment of the current installment on the note may be postponed six months without penalty and the term of the note extended.

The application states the present annual income of buyers to be \$8,546 and their net worth to be \$14,300. The annual report indicates that the net income for the year 1965 of the utility was \$406. Included in the utility expenses was \$1,200 for owners' salary.

The Commission finds that:

1. Buyers have the ability to acquire and operate the sellers' water system without interruption in service.
2. The money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. Upon consummation of the proposed transfer sellers will no longer be engaged in performing public utility service.
4. Subject to the conditions set forth in the order which follows, the proposed sale and transfer will not be adverse to the public interest.

We conclude that the application should be granted as provided in the following order and that a public hearing is not necessary. 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, Frank V. Mayo and Clara Ann Mayo may transfer to Ralph L. Criddle, Sr., and Margaret P. Criddle the water system described in the application.
2. Within one year after the effective date of this order, Ralph L. Criddle, Sr., and Margaret P. Criddle may issue a promissory note in the principal amount of not to exceed \$6,400 for the purpose specified in the application. Said note shall be in the same form, or in substantially the same form, as that attached to the application as Exhibit C.

3. Ralph L. Criddle, Sr., and Margaret P. Criddle shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. After the effective date of this order, and not less than five days before the date of actual transfer, buyers 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.

5. 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 buyers, who shall be responsible for their refund when due.

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

7. Within five days after the date of actual transfer, sellers and buyers 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 5 and 6.

8. 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 buyers.

9. After the effective date of this order, and not less than sixty days after the date of actual transfer, buyers 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.

10. Buyers 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, buyers shall file with this Commission two copies of this map.

11. Buyers 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. Buyers 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.

12. On or before the end of the third month after the date of actual transfer, buyers 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.

13. Buyers shall account for the acquisition of the properties herein authorized to be transferred in accordance with the

instructions relating to water plant purchased contained in the Uniform System of Accounts for Class D Water Utilities.

This order shall become effective when Ralph L. Criddle, Sr., and Margaret P. Criddle have paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 1st day of NOVEMBER, 1966.

*Ralph L. Criddle*  
President

*George L. Grover*

*Fredrick B. Holbrook*

*Augustine*

*William M. Bennett*  
Commissioners

