

Decision No. 71988

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of SUTTON INVESTMENT )  
 CO., a corporation, LIRA MOTORS, a )  
 corporation, FREDERICK A. KILNER and )  
 FLORENCE A. KILNER, husband and wife, )  
 all of whom are hereinafter called )  
 "Seller," for authority to sell, and )  
 JAMES T. MUNSON and NINA MUNSON, )  
 husband and wife, both of whom are )  
 hereinafter called "Buyer," for )  
 authority to buy, all of the assets )  
 and the certificate of public conven- )  
 ience and necessity of MCKINNEY SHORES )  
 WATER SERVICE. )

Application No. 48871  
(Filed October 17, 1966)

O P I N I O N

Sutton Investment Co., a corporation, Lira Motors, a corporation, Frederick A. Kilner and Florence A. Kilner, husband and wife, all of whom are partners doing business as McKinney Shores Water Service (sellers), request authority to transfer their water system located in and near McKinney Shores subdivision, Lake Tahoe, Placer County, California, to James T. Munson and Nina Munson, husband and wife (buyers). Buyers join in the application.

The water system was organized as a part of a subdivision enterprise by sellers. All lots in the subdivision have now been sold, and sellers have no continuing activity within the territory served, except the water service itself. Sellers, on December 31, 1965, had 39 flat rate active service connections to residential customers. Buyers are homeowners within that territory and wish to purchase and operate the water service as an investment and to insure a good and adequate supply of water to

buyers and all other occupants of that territory. Applicant, James T. Munson, one of the buyers, is employed as assistant director of public relations and supervisor of field representatives by Rice Growers Association of California. After the purchase of the system, buyers state that at all times a qualified person will be on call to do maintenance and repairs for the system.

The proposed agreement for the sale of this water system, including all of the assets and the certificate of public convenience and necessity granted by this Commission by Decisions Nos. 62329 and 62827, in Application No. 42720, sets forth that the cash purchase price shall be \$9,000. A copy of said proposed agreement is attached to the application as Exhibit D.

Sellers' annual report to this Commission for the year 1965, a copy of which is attached to the application, shows utility plant in the amount of \$29,742, a reserve for depreciation of utility plant in the amount of \$2,856 and no contributions in aid of construction. Applicants allege that the utility has no unpaid indebtedness and holds no customers' deposits and no advances for construction.

The Commission finds that:

1. Buyers have the ability to acquire and operate the sellers' water system without interruption in service.
2. Upon consummation of the proposed transfer sellers will no longer be engaged in performing public utility service.
3. 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, Sutton Investment Co., Lira Motors, Frederick A. Kilner and Florence A. Kilner (sellers) may transfer to James T. Munson and Nina Munson (buyers) the water system and certificate of public convenience and necessity described in the application.

2. 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.

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

4. 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.

5. Within five days after the date of actual transfer, sellers and buyers jointly shall file in this proceeding a written statement showing the date of transfer. A true copy of the instrument of transfer shall be attached to the statement.

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 buyers.

7. 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.

8. 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.

9. 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.

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

Dated at San Francisco, California, this 7<sup>th</sup> day of FEBRUARY, 1967.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners