

ORIGINAL

Decision No. 72712

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 Arthur Brown, doing business as
 A. L. Brown Water System, to sell
 and transfer, and E. E. Erich to
 purchase and acquire the ditch,
 the distribution lines and water
 rights included in said A. L. Brown
 Water System located in and near the
 town of French Gulch, Shasta County,
 California.

Application No. 49400
(Filed May 24, 1967)

O P I N I O N

Arthur Brown, doing business as A. L. Brown Water System (seller), requests authority to sell his water system in and near the town of French Gulch, Shasta County, to E. E. Erich (buyer), who joins in the application.

Seller on December 31, 1965, furnished water under pressure for irrigation within the Town of French Gulch at flat rates to eleven active service connections.

Seller requests authority to sell the utility because seller is now, and has been for some time past, too ill to operate the water system. Said water system requires the care and attention of a person who is familiar with the system, the system presently needing seasonal cleaning and the southern part of the town of French Gulch presently needing water from this system.

Buyer is the owner and operator of the French Gulch Ditch System, a public utility supplying water by gravity to the town of French Gulch for irrigation and fire protection. Buyer is familiar with the system to be transferred and is willing to acquire and operate said system so that the system will be kept in operation and the town will have water under pressure.

Seller's annual report to the Commission for the year 1966, 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 \$2669.75, a reserve for depreciation of utility plant in the same amount, and no contributions in aid of construction, advances for construction, or customers' deposits.

The proposed agreement for the sale of this water system, including all physical assets, a copy of which is attached to the application, sets forth that the purchase price shall be \$10 and other good and valuable considerations. These considerations include that of E. E. Erich undertaking responsibility for the continued maintenance and operation of the water system. E. E. Erich is aware that in each year since 1954 under the authorized rates the costs of maintenance and operation of the system have exceeded revenues.

The Commission finds that:

1. Buyer has the ability to acquire and operate the seller's water system without interruption in service.
2. Upon consummation of the proposed transfer, seller 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, Arthur Brown may transfer to E. E. Erich the water system described in the application.

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 seller's 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, seller 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, seller 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, seller 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, seller shall stand relieved of his public utility obligations in the area served by the transferred system and may discontinue service concurrently with the commencement of service by buyer.

7. 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.

8. Buyer 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 6th day of JULY, 1967.

Peter E. Mitchell
President

Augusta
William M. Bennett
Fred P. Morrissett
Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.