

Decision No. 72838**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application)
of NAN M. DE VANEY, doing business)
under the firm name and style of)
ROYAL OAKS WATER SYSTEM, and MAURICE)
E. SMITH, for an order authorizing)
the sale of a water system.)

Application No. 49395
(Filed May 23, 1967)

O P I N I O N

Nan M. DeVaney desires to sell, and Maurice E. Smith desires to purchase, a public utility water system known as Royal Oaks Water System, located in the unincorporated community of Oakhurst, Madera County. There are no protests. A copy of the purchase agreement is attached to the application. It provides a total purchase price of \$10,000; \$8,500 to be paid in cash at the close of escrow after the effective date of authority from the Commission authorizing the sale, and a promissory note in the amount of \$1,500 secured by a deed of trust on Lot 21 of Royal Oaks Subdivision. The note is payable within one year with interest at 7 percent per annum.

The certificate of public convenience and necessity was granted to Joseph L. DeVaney and Nan M. DeVaney as joint tenants by Decision No. 68557, dated February 9, 1965, in Application No. 46813. The instant application indicates that there have been no material additions to the facilities which existed at the time Application No. 46813 was filed.

The application states that Joseph L. DeVaney died on or about July 14, 1966 survived by his wife, Nan M. DeVaney, who

has been appointed the executrix of the estate of Joseph L. DeVaney and is the sole beneficiary of the estate. All real property and personal property of Royal Oaks Water System are the separate property of Nan M. DeVaney.

It is alleged that since the death of her husband, Nan M. DeVaney has been unable to adequately service the system and lacks the time and energy to devote sufficient attention to the operation and maintenance of it. Maurice E. Smith proposes to operate the system and expend necessary funds to make it modern and adequate so it will meet the present and future needs of users in the service area and adjacent properties. Exhibit F attached to the application discloses the present annual income of the buyer to be \$27,000 and his net worth to be \$97,050.

A staff report, hereby received as Exhibit No. 1, states that in connection with Application No. 46813 the staff ascertained the proper charges to the plant accounts and the portion of the investment in plant financed by contributions. The staff recommends that journal entries be recorded on the transferee's books of account as set forth in paragraph 3 of Exhibit No. 1.

The Commission finds that:

1. The proposed sale and deed of trust will not be adverse to the public interest.
2. The journal entries recommended by the staff should be recorded in transferee's books of account.
3. A public hearing is not necessary.

The Commission concludes that the application should be granted as provided in the following order. The authorization herein granted shall not be construed as a finding of the value of the rights and properties 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, Nan M. DeVaney (seller) may transfer, and Maurice E. Smith (buyer) may acquire, the water system and certificate referred to herein.

2. Within one year after the effective date of this order, Maurice E. Smith may execute and deliver a deed of trust in the same form, or in substantially the same form, as Exhibit E attached to the application.

3. After the effective date of this order, and not less than five days before the 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.

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

5. 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.

6. 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 foregoing paragraphs 3 and 4.

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 schedule 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 shall establish formal books of account and record therein the utility plant account balances and other balance sheet account balances as of June 30, 1967 as set forth in paragraph 3 of Exhibit No. 1.

10. Buyer shall maintain his records in accordance with this Commission's prescribed Uniform System of Accounts for Class D Water Utilities.

11. Buyer shall apply a depreciation rate of 3 percent to the original cost of depreciable plant. Until review indicates otherwise, buyer shall continue to use this rate. Buyer shall review his depreciation rate at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the remainder by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost

of plant. 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 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 transfer.

13. Upon completion of the sale and transfer authorized herein and upon compliance with all the terms and conditions of this order, Nan M. DeVaney shall be relieved of her public utility obligations in connection with the utility system herein authorized to be transferred.

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

Dated at San Francisco, California, this 1st day of AUGUST 1, 1967.

Edwin Mitchell
President

William J. ...

William ...

Harold P. Monmssey
Commissioners